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NEWS SUMMARY

GENERAL

Israel rejects U.S. peace bid

Israel rejected a U.S. demand that it should immediately halt its attacks on the Lebanon in compliance with American efforts to bring about a cease-fire in the cross-border warfare with the Palestinian guerrillas.

Mr Menahem Begin, Prime Minister, told American envoy Philip Habib that Israel would strike at the guerrillas everywhere it found them.

Israeli aircraft attacked Palestinian targets in southern Lebanon yesterday afternoon. Back Page

Thorn aide shot

Fernand Spaak, the Belgian who was chief of cabinet to EEC president Gaston Thorn, was found shot dead at his home in Brussels. Page 2

Polish Politburo

The new central committee of the Polish Communist Party elected a Politburo dominated by supporters of moderate polices of reform. Back Page

French leave

French employers and trade unions agreed to extend paid holidays from four to five weeks a year and to shorten the working week to 39 hours. Page 2

China dam holds

Floodwaters surging down the Yangtze went through the newly - constructed Gezhouba dam in Hubei province without causing damage. Page 2

Race protest

More than 3,000 Sikhs demonstrated outside the British High Commission in New Delhi in protest against racial violence in Britain.

Lighthouse switch

The Eddystone lighthouse, which has shone almost continuously since 1698, will be off for a year while engineers switch it from manual to automatic operation.

Springbok demo

Twenty-five demonstrators were arrested at Auckland International Airport when the Springbok rugby team arrived from South Africa to begin their tour.

Not cricket

Test captains Mike Brearley and Kim Hughes want the cricket authorities to revise the rules on bad light after demonstrations at Headingley on Saturday when play did not resume in evening sunshine. Test report Page 9

Hinault's Tour

French cyclist Bernard Hinault completed his third Tour de France victory in four years, beating Lucien van Impe of Belgium by 14 minutes 34 seconds.

Rogers wins Open

Bill Rogers (U.S.) won the Open golf championship at Sandwich with a 276 total—four ahead of West Germany's Bernhard Langer. Ray Floyd (U.S.) and Mark James (Britain) were joint third. Page 9

Briefly . . .

Civil guards stopped 500 Spanish neo-fascists staging a rally near Madrid. Page 2

Restaurants in Greece were hit by a 48-hour strike by catering staff.

Snowfalls closed 10 Swiss Alpine passes, including the St. Gothard.

Spike Milligan is to attend the Royal Wedding.

Nearly 30 were killed in a train accident in western India on Saturday night.

BUSINESS

Nissan to hold more talks on car plant

● NISSAN, the Japanese motor company, will have more talks about its proposed £300m UK plant with the Department of Industry this week. Back Page

● UK ECONOMY is likely to make only a modest recovery next year, says the International Monetary Fund. Back Page

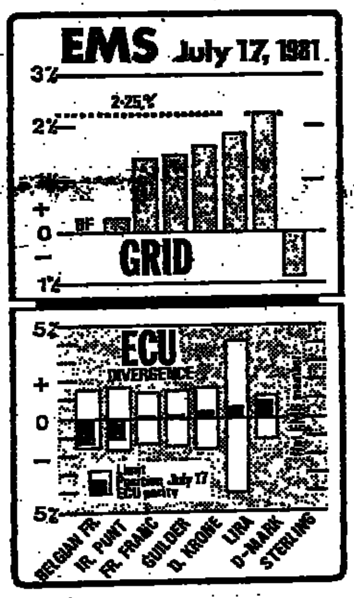
● ITALY'S Government, fighting to cut borrowing, is to cut L8,000bn (£3.5m) public spending and to increase social service charges by nearly L1,400bn. Page 2

● NORWAY is inviting tenders for the planned £1.13bn North Sea gas gathering systems. Back Page

● EUROPEAN Monetary System showed no sign of strain last week. The only significant movement was the improvement of the French franc, in spite of Paris interest rates easing.

The D-mark remained at the top of the system, while the Belgian franc was again the weakest currency. All members of the system were within agreed divergence limits, but adjustment has been made for sterling's weakness.

Apart from the soft tone of the pound last week, the other big factor influencing currency trading was an easing of the very strong dollar.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● NATIONAL SAVINGS receipts for June amounted to £290.5m, compared with £363m in May and a peak of £696m in April. Page 4

● BRITAIN'S "black economy" is estimated as at least 15 per cent of national income, says American professor Edgar L. Feige. Page 4

● HOME LOANS account for nearly 40 per cent of the new personal lending of London clearing banks. Page 4

● THE WORLD BANK is to call for new national institutions to monitor tariff and non-tariff barriers to trade. Page 3

● BSC's TEESSIDE plant is beset by technical problems which could lead to the transfer of some activities to other plants. Page 5

● AUSTRALIANS' investments in foreign equities and real estate will no longer be restricted.

● CETUS, the U.S. genetic engineering group, is near to setting up a subsidiary in Britain. Page 4

● HAMBROS is the first UK merchant bank to be granted an offshore licence in Gibraltar. Page 4

CONTENTS

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'Grim' IMF report as heads of government gather for talks

BY REGINALD DALE AND JOHN WYLES IN OTTAWA

LEADERS OF the seven main "Western" industrial Powers arrived in Ottawa yesterday against the background of another gloomy report on the state of the world economy from the International Monetary Fund.

The Heads of Government gathered at a log château 50 miles outside Ottawa, ready to acknowledge that there was little they could do in the short term to improve economic prospects.

But since four of them are newcomers, President Reagan; President Mitterrand of France; Signor Giovanni Spadolini of Italy; and Mr Zenko Suzuki of Japan, they hoped for a display of Western unity in the face of continuing economic difficulties and unrelieved East-West tension.

As the two-and-a-half-day summit got under way, the Fund said in its annual economic outlook that the world economic picture was still at least as grim as it had been 14 months ago. It noted, however, "certain encouraging aspects."

While the other leaders were still arriving, Herr Helmut Schmidt, the West German Chancellor, took a firm stand on the high level of U.S. interest rates, which are likely to be the source of considerable disagreement between the U.S. and the Europeans.

Herr Schmidt said in a television interview that he did not like the effects of the high U.S. rates on other countries, and pointed out that other governments, including his own, had managed to dampen inflation without resorting to rates as high as those in the U.S.

The report by the IMF's staff gave some backing to the U.S. viewpoint, at least with regard to the strength of the dollar, another issue of concern to many Europeans.

The Fund said that the biggest single factor responsible for the high level of the dollar was not U.S. interest rates, but the healthy state of the American balance on current account.

The Fund staff were far less optimistic than the U.S. Administration on the prospects for renewed U.S. economic growth next year. Real U.S. gross national product would rise by only 1.25 per cent next year, on a year-over-year basis, the report said, compared with a forecast by the U.S. Administration of 3.5 per cent.

The Fund staff were much more sceptical as to how quickly the "supply side" effects hoped for by the Administration would come into play.

On the world picture, the survey said that adjustment to the second round of large increases in oil prices had been managed better than after the 1973-74 increase. Private markets had done well in the recycling process.

"The major industrial countries have been bringing their monetary aggregates under better control. The increase in wages has been more restrained than after 1973-74. A break in the previously close link between growth and oil consumption has begun to emerge."

The Fund warned against complacency. Inflation was still "a severe worldwide problem" and slow growth remained "a key feature of the international situation and outlook."

Despite their well-known differences on a number of economic and political issues, the seven leaders are attending the summit determined to achieve as much harmony as possible.

Leaks of the summit's draft communique indicate that by the end of last week there was only one major economic issue to be resolved for purposes of public statement.

Japan is resisting inclusion of a passage referring to the need to avoid excessive concentration of exports on any particular area.

This reflects the particular concerns of the four European leaders, Chancellor Schmidt, President Mitterrand, Mrs Thatcher and Sig. Spadolini, who intend to lean very hard on Mr Suzuki for assurances that the growth in Japan's trade surplus will be halted.

Left turn on key issues may send more Labour MPs to SDP

BY RICHARD EVANS, LOBBY EDITOR

THE PROSPECT of more defections by Labour MPs to the Social Democrats has increased sharply with evidence yesterday of a continuing lurch to the Left by the Labour Party on a number of key policy issues.

The party conference at Brighton in the autumn is likely to be dominated by renewed calls for unilateral disarmament, a united Ireland and increased State intervention in industry, according to the list of resolutions published yesterday.

Mr. Tony Benn, one of the candidates for the deputy leadership, made it clear at the weekend that there was to be no truce in Labour's internal struggles after the spectacular performance by the fledgling Social Democratic Party in the Warrington by-election.

Estimates by some party moderates suggest that up to 20 Labour MPs under threat from the Left in the constituencies could quit the party if the conference adopts a range of Bennite policies and consolidates the current Left-wing majority on the national executive committee.

Many of these MPs would certainly join the SDP, which would then pose an even greater threat to Labour's claim to be the alternative Government.

The pace of the Social Democrats' advance, with the prospect of continuing strife within the Labour Party, makes the position of Mr Michael Foot and the moderate leadership more vulnerable than ever.

The conference agenda contains nearly 100 resolutions—far more than on any other topic—on disarmament. In contrast, there are only 19 devoted to unemployment and 15 on the economy.

Scores of local parties, following what was clearly an organised campaign, express "unconditional opposition" to the replacement of Polaris by Trident, or to the deployment of Cruise missiles or any other nuclear weapons.

The Social Democrats and the Liberals, still jubilant from the achievement of Mr Roy Jenkins at Warrington, have still to settle the delicate problem of who should represent the alliance in the forthcoming by-election at Croydon North-West.

Intense pressure is being exerted on Mr William Pitt, already chosen locally as the Liberal candidate, to withdraw in favour of Mrs Shirley Williams. Mr David Steel, the Liberal leader, made clear his preference for Mrs Williams during a BBC radio interview yesterday, but he admitted the decision rested with the local parties.

Mr Pitt, who has fought and lost the seat three times, declined to stand down voluntarily and said there was a large body of opinion who wanted a Liberal to stand. A decision will be reached at a joint meeting of the SDP and Liberal local parties on Friday and the odds are on Mrs Williams.

John Lloyd, Labour Correspondent, writes: Leading figures on Labour's Left-wing see the impressive showing of Mr Jenkins as an effect of extensive media coverage, a regrouping of the Right or a demonstration that the Labour party's leadership is still insufficiently radical.

In a speech delivered in his absence at a conference on trade unions organised at the weekend by the Left-wing Labour Co-ordinating Committee, Mr Benn said that the role of the SDP was "to syphon-off anti-Government feeling into the support of an alternative group of politicians, who can be relied on to follow the same policies but with a better public relations image."

Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, told the 800 delegates in Westminster's Central Hall that the media had "orchestrated" the SDP campaign.

Left together, Page 7

July jobless may stay below 3m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT may just avoid a rise in total unemployment, including school-leavers, above 3m when the mid-July figures are announced tomorrow.

It had been feared that this level would be breached, partly because of distortions caused by the Civil Service dispute.

The initial estimate had been that delays in notifications of people leaving the register could boost the figures artificially by 100,000 but it now looks as though the overstatement may be 25,000.

Nevertheless, the overall figures may increase from the mid-June level of 2.68m to about 2.9m in view of the wave of summer school leavers and a seasonal rise of 90,000 between June and July. This is in addition to any increase in the adult seasonally adjusted figure.

The 3m mark could still be exceeded in mid-August, depending largely on the number of school leavers without jobs.

Gulf may join battle for Conoco

BY PAUL BETTS IN NEW YORK

GULF OIL is joining the $30bn list of U.S. oil companies which in the past seven days have arranged an unprecedented level of borrowing to finance the biggest takeover spree on record.

Gulf, the fifth largest U.S. oil company and the smallest of the seven sisters, is arranging a substantial revolving credit agreement with a group of banks led by Bankers' Trust.

The Gulf package, which like similar arrangements between oil compaies and banks would carry a 0.25 per cent commitment fee and interest payments based on the U.S. prime or a fraction over Libor, is understood to involve a total of about $5bn (£2.66bn).

Mobil, the second largest U.S. oil company, announced on Friday that it had arranged a $6bn credit line with Citibank and a syndicate of leading U.S. foreign banks to support its $7.74bn cash and securities bid for Conoco, the country's ninth largest oil company, which is up for sale.

Mobil's bid tops a $7.5bn bid by Du Pont and a $3.7bn bid by Seagram of Canada for 51 per cent of Conoco's stock.

Gulf may now decide to enter the contest for Conoco. Like Mobil and Texaco, which earlier made an $85-a-share friendly take-over proposal that Conoco rejected, Gulf is generally regarded as a crude short oil company which has sought for some time to increase its domestic oil and gas reserves position.

Like Texaco, the No. 3 U.S. oil company, believed to be still considering a new bid for Conoco but reviewing other options, Gulf may be considering a bid for other possible take-over candidates in U.S. oil.

These include Cities Service and Marathon Oil, which have both negotiated substantial credit lines to defend themselves from take-overs.

Gulf has said it plans to buy back 10m of its own shares, which like other oil stocks have traded recently at depressed levels on the Stock Exchange.

For the banks engaged in the latest oil takeover and lending drive, serious conflicts of interests are emerging.

A number are understood to have declined to participate in some loan syndicates because they are already involved in similar syndicates backing a rival company in the takeover war.

Other banks are making a more cavalier approach and joining lending syndicates of rival companies irrespective of the fact that these companies are bidding against each other for Conoco.

Anti-trust fears, page 18

Government faces tough decision on overdrafts

By Peter Riddell, Economics Correspondent

THE GOVERNMENT faces the highly awkward political question over the next couple of days of whether to intervene to prevent a rise in the cost of bank overdrafts.

A sharp rise in money market interest rates at the end of last week has put considerable pressure on the clearing banks to raise their base lending rates, at present 12 per cent. Such an increase is highly likely unless market rates fall, or there is a clear indication of an official desire for stability.

The issue has wide political implications given not only the Government's unpopularity, but also the fact that the aim of the March Budget was to reduce short-term interest rates.

The clearing banks are reluctant to raise rates since they are in the middle of a period of reporting large increases in first half profits.

The Government's policy is to allow the markets a greater say in determining interest rates.

The snag is that the markets have been in a highly confused state, particularly since the Bank of England's upward nudge to market rates a fortnight ago to stabilise sterling.

The Bank's actions last week were intended to be neutral but the predominant City view is that short-term rates are on a rising trend.

The official hope is that some of Friday's uneasiness—when market rates rose by ⅜ of a point to a point—will disappear this morning. Unless this happens, clearers will face the growing problem of customers borrowing on fixed overdraft rates and re-lending at a profit to the money markets. This is because one-week interbank rates are now over 13 per cent.

The official Minimum Lending Rate is already largely redundant in these circumstances. Any change in MLR might follow rather than lead to an alteration in other interest rates, even though the clearers will no doubt be looking for an indication of official policy before making a move.

MLR is due to be phased out later this year. This will be part of the move towards a more flexible system of monetary control in which the authorities will operate through an unpublished band of short-term interest rates.

FitzGerald makes emergency Budget issue of confidence

BY STEWART DALBY IN DUBLIN

DR. FITZGERALD, the Irish Prime Minister, is making tomorrow's supplementary Budget proposals an issue of confidence in his month-old coalition Government.

If his proposals are defeated, he will dissolve the Dail (parliament) and call another election. The key rests with five independents in the hung parliament, none of whom is committed to him. He spent the weekend trying to win their support.

Dr FitzGerald has made it clear that the continuing H-block crisis is his major preoccupation, but in his state-of-the-nation message last week he said he wanted to address himself to "the other urgent problem affecting the good of this country: the state of our economy."

Mr John Bruton, Minister for Finance, is expected to announce proposals for a freeze on public sector pay, increases VAT and excise duties, and raises health and social security contributions.

The intention is to get the public sector borrowing requirement on current account down and in turn reduce the escalating balance of payments deficit on current account.

It is now estimated that borrowing on current account would amount to I£950m this year if nothing is done. This is almost twice the I£515m targeted by the outgoing Fianna Fail Government. The balance of payments deficit on current account is estimated I£1.5bn this year.

The Government has formally condemned the political violence which arose from the weekend's anti-H-block march on the British Embassy in Dublin. Mr Jim Mitchell, the Minister of Justice, has promised an inquiry into the clashes, which resulted in 200 people, including 100 Garda (police) being injured.

At least 10 people, including seven policemen, were still in hospital last night. None was seriously hurt.

The violence flared when some of the mob, estimated at between 10,000 and 15,000, tried to break through a police cordon ringing the Embassy. In 1972, the Embassy was burnt down after a protest about Bloody Sunday in Londonderry, when British troops killed 13 people.

This weekend the protest was about hunger strikers in general and Mr Kieran Doherty in particular. Mr Doherty was elected to the Dail in the general election on June 11. He has gone 59 days without food.

His death would cause a by-election in the border constituency of Cavan-Monaghan. Because of Ireland's complex

Continued on Back Page

Lloyd's Bill may fail over refusal to make changes

BY JOHN MOORE

LLOYD'S of London will tell a Commons committee today that it cannot amend its Bill as the committee has suggested.

As a result the Bill, the first major piece of legislation promoted by the Lloyd's insurance market for more than 100 years, may fail.

The market's membership of more than 19,000 voted on Friday in favour of a recommendation requiring the divestment of brokers from their underwriting interests.

But it voted overwhelmingly against a requirement that managing agents, the groups which run underwriting syndicates, should be precluded from acting as members' agents.

Members' agents find members for the market, introduce them to syndicates and manage the members' affairs.

Attempts have been made since Friday's vote by two underwriting members, Mr Nick Parker and Mr John Burrows, whose petition to Parliament prompted the committee's recommendations, to find a compromise.

In an effort to save the Bill, they may relent on insisting that there should be a separation of managing agencies from members' agency work.

In return they may seek tighter wording on a legal immunity clause which would protect a Lloyd's council from damage suits for negligence.

In addition they are likely to seek a single electorate for the new council. At present the legislation proposes that the electorate should be segregated into working members and external members.

The external members, who do not work in the market but who put up their capital, would elect their own representatives to the council and so would the working members. The petitioners want a single electorate for elections rather than a segregated one.

Right-wing rally ban enforced in Spain

By Tom Burns in Madrid

SPAIN'S PARAMILITARY Guardia Civil police force yesterday enforced a Government ban on an extreme Right-wing rally, scheduled to be held in the village of El Escorial, to commemorate Gen Franco's rebellion at the start of the Spanish Civil War.

On Saturday, police reinforcements and stringent security precautions ensured the peaceful staging of a similar anniversary meeting, which was attended by some 15,000 Rightists in the town of Aranjuez.

A bid by Sen Blas Pinar, the leader of the neo-fascist Fuerza Nueva Party, to defy yesterday's ban, which had been announced 48 hours earlier, was foiled by a contingent of civil guardsmen who had surrounded the village bull-ring, where the event was to have taken place.

A crowd of some 500, gathered near the ring, shouted "*Long live Tejero*," a reference to Col Antonio Tejero, who led the seizure of the Spanish Parliament last February at the head of 300 rebel guardsmen.

The Rightists broke up without incidents at the request of Sen Pinar, who said he would file an action against the Government for what he termed an unconstitutional prohibition order.

The low turnout yesterday was seen as a blow to the Rightists' movement. At the Aranjuez rally the previous day, Sen Pinar had called on all his supporters to travel to El Escorial and force the banned meeting to be held.

New rebuff for Lisbon coalition

By Diana Smith in Lisbon

PORTUGAL'S Centre-Right coalition reacted angrily at the weekend to the fourth rebuff in a year of its efforts to reopen banking and insurance to private capital.

These reforms would alter revolutionary 1975 nationalisations, upheld by the 1976 constitution.

They are considered a vital step towards ending discrimination against outside capital, and bringing Portugal into line with the Treaty of Rome in time for EEC membership in 1984.

Unsurprisingly, the Council of the Revolution rejected the latest attempt, as before, on the grounds that it was "unconstitutional," and "a review of the constitution before the event."

The 1976 constitution is due for review, in principle within the next year. This implies economic changes and disappearance of the Council of the Revolution. But a two-thirds parliamentary majority is needed. For this, the alliance needs Socialist help.

France decides on 39-hour week

BY DAVID HOUSEGO IN PARIS

FRENCH EMPLOYERS and trade unions agreed in principle at the weekend to shorten the legally authorised working week to 39 hours and to extend paid holiday from four weeks to five.

France will thus become the first European country to undercut the 40-hour working week. A 40-hour week was legally adopted by France in 1936 as one of the major reforms of the Socialist-led Popular Front Administration.

The change will not take effect for several months. The protocol signed by unions and employers after a final 16-hour round of talks provides for detailed negotiations at industry level on its implementation. Most of the unions have also to ratify the agreement formally though only the Communist-led CGT has expressed doubts which could lead to its withholding support.

The measure will also be enacted as a Bill to be put before Parliament, probably in early December.

The unions have been engaged in often acrimonious negotiations with employers for the last three years over their demands for a 35-hour week. Almost certainly a decisive factor in the final compromise, which was based on the employers' offer of an immediate 39-hour week, was the intervention of M Pierre Mauroy, the Prime Minister. Believing that a shorter working week is a key to the Socialist goal of reducing unemployment he brought the two sides together for fresh negotiations on June 12.

The employers' concessions were undoubtedly made in the light of the threat of legislation and in the hope of demonstrating their willingness to work with the new government.

But the immediate impact on job creation is likely to be negligible as, in practice, workers will not suffer a loss of earnings to offset the shorter working week. On the other hand many employers fear a loss of productivity and a rise in unit labour costs.

The agreement also provides for a quota of overtime that would not be subject to the control of inspectors who regulate employment in France. Employers fought hard to retain flexibility over the use of overtime as a way of recouping productivity. The quota would be 130 hours a year or subject to negotiation at industry level.

The agreement provides for a maximum working week of 48 hours with an average of 46 hours spread over 12 working weeks.

Spadolini to reduce Italy's state spending

BY JAMES BUXTON IN ROME

Sig Giovanni Spadolini

THE Italian Government has agreed on measures to reduce this year's Government spending in order to bring down its public borrowing requirement and ease inflation, at present running at 20 per cent a year.

The Cabinet of Sig Giovanni Spadolini decided at the weekend on measures that will postpone the spending of approximately L8,000bn (£3.6bn) and raise income by nearly L1,400bn by means of higher charges for social services.

The Government's public borrowing requirement is at present running at an annual rate of over L50,000bn this year, against a target of L37,500bn.

The Government measures, which will mainly affect health spending and transfer to local authorities, should cut it back by about L9,000bn. The IMF, the EEC Commission and the OECD have told Italy of the importance of cutting its deficit.

Sig Nino Andreatta, the Treasury Minister, hopes to be able to make further spending delays of between L2,000bn and L6,000bn. If the latter figure were achieved the deficit would be back within the forecast for this year.

Some of the measures will require parliamentary approval and unless decisions are taken to cut rather than postpone items of government spending, the problem of an excessive deficit can be expected to recur.

The Government is to hold a series of talks with the trade union confederation at the beginning of next week in an effort to reach agreement on restraining rises in the cost of living.

A meeting with union leaders last Friday produced little sign of unions' willingness to make concessions, particularly on the *scala mobile* indexation system.

In a significant move to cut back the growth of the money supply, the Treasury and Bank of Italy have agreed that from this month the central bank will no longer have to absorb and finance by printing money Treasury bills which it fails to sell to the public.

The effect of this should be to make the government more careful in issuing Treasury bills, knowing that if they are not sold its deficit will not be financed.

The Government received good news over the weekend in the form of a sudden turnround in the overall balance of payments, which registered a record surplus of L2,314bn in June following a record deficit of L 1,661bn the previous month.

The surplus reflects the introduction at the end of May of 30 per cent import deposit to run for four months, which as well as reducing imports may have made many importers delay payment altogether.

The figure also reflects higher capital inflow and the onset of the tourist season.

Over the weekend the price of super grade petrol was officially raised by L30 to L930 a litre as a result of the continued rise of the dollar against the Italian currency.

● The Government has appointed new men to replace the top military and secret service commanders who have resigned as a result of the P2 Masonic Lodge scandal which brought down the last government.

Gen Vittorio Santini replaces Adml Giovanni Torrisi as chief of staff of the armed forces. There are new commanders of the army and navy, the Carabinieri, the financial police and the civilian secret service.

Venezuela revises its oil income estimates

BY KIM FUAD IN CARACAS AND WILLIAM CHISLETT IN MEXICO CITY

VENEZUELA IS sharply revising estimates of income from its oil industry over the next five years in the light of the depressed oil market.

A 10 per cent cut in oil output and the freezing of domestic and export prices have undermined assumptions that oil would provide 75 per cent of the $170bn in Government spending for the Sixth National Plan between 1981 and 1985.

In Mexico, officials of foreign oil companies have confirmed that Pemex, the State oil concern, has cut production by some 700,000 barrels a day to 2m b/d.

Exports are now believed to be running at 700,000-800,000 b/d against 1.4m b/d in June. Pemex has yet to make an official announcement.

According to Venezuelan officials, the Planning Ministry has "undertaken a complete revision of oil income estimates due to new circumstances." This suggests the long-awaited official unveiling of the Plan may be further delayed.

There have also been authoritative reports that some official planners have proposed dipping into the oil industry's $7bn investment reserves as a short-term measure to finance non-oil outlays. This has alarmed the industry which has already earmarked most of the fund for development projects.

Government planners had based income estimates on the hypotheses that Venezuelan oil output would remain stable at close to 2.3m b/d over the next five years while export and domestic prices would rise to produce overall income of more than $100bn.

Most of Mexico's production cuts are being made in the offshore Campeche oil zone, the world's richest, which in June was producing just over half of Mexico's total production of 2.7m b/d.

The offshore Maya oil is heavy. Many of Mexico's clients are complaining about the quality mix of oils they are receiving. Mexico sells its Maya abroad and keeps most of its Isthmus light oil for domestic use.

Chinese dam stands up to Yangtze floodwaters

BY TONY WALKER IN PEKING

FLOODWATERS surging down the River Yangtze passed through the newly-constructed Gezhouba Dam in Hubei province at dawn yesterday without causing damage, according to China's official news agency.

Torrential rain in Sichuan last week, which flooded the upper reaches of the Yangtze, has made several hundred thousand people homeless and damaged or destroyed half a million hectares of crops. Up to 4,000 people are believed drowned.

Flood control headquarters at Wuhan, the large industrial city in Hubei, was confident the province would now cope with the Sichuan floodwaters moving down the Yangtze. An official said yesterday that the danger to Hubei was "not great." It is expected the floodwaters will reach Wuhan by the end of the week.

There has been little rain in Hubei and floodlevels in the upper reaches of the Yangtze in Sichuan are dropping.

Gezhouba, China's biggest water control project, was opened earlier this year. Its construction is costing several billion dollars. When completed it will more than double power supply for Hubei.

Floods in Hubei last summer killed 119 people and 18,000 draught animals, destroying houses and farm land over a 200,000 hectare area.

China's official news media have yet to tell the Chinese people of the magnitude of the flood disaster. This policy recalls the disastrous 1976 earthquake in China's north-east when the authorities failed to report several hundred thousand deaths. The final death toll was only published last year.

Malaysia PM tightens grip

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S new Prime Minister, Dr. Mahathir Mohamed, has moved quickly to consolidate his position, appointing a close political ally, Datuk Musa Hitam, as his deputy and keeping the key security Ministries between them in a major Cabinet reshuffle.

Dr Mahathir, 55, retained the crucial Defence Ministry himself, while Datuk Musa, 47, was given the powerful Home Affairs Ministry, which tackles internal security and Communist subversion.

As deputy to Datuk Hussein Onn, the former Prime Minister, Dr Mahathir had had occasion to feel somewhat insecure since the security portfolios were out of his reach, and there were attempts by conservatives in the ruling Umno Party to brand as "leftist."

One of his first acts on assuming power was to move his former rival, Tan Sri Ghazali Shafie, from the Home Ministry to the Foreign Ministry, a middle-ranking portfolio in Malaysia's hierarchy.

Tengku Rithauddeen, the former Foreign Minister, takes over Trade and Industry, a Ministry previously held by Dr Mahathir.

Tengku Razaleigh Hamzah, whol ost to Datuk Musa the No. Two post in the Umno Party last month, retained the Finance Ministry.

Kampuchea call denounced

By Our Foreign Staff

THE GOVERNMENT of Heng Samrin in Phnom Penh yesterday attacked as illegal the resolution of an international conference in New York calling for a negotiated settlement to conflict in Kampuchea.

The conference, attended by 93 countries and held under United Nations auspices, repeated calls for a ceasefire inside Kampuchea, withdrawal of Vietnamese troops and the holding of UN-supervised elections. It ended on Friday.

The Phnom Penh authorities said the conference was aimed at deceiving world opinion and in Moscow, the official Press dismissed the talks as "a shameful farce."

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M Spaak: "devoted his life to Europe"

Thorn aide found dead in Brussels

By John Wyles in Ottawa

FERNAND SPAAK, chef de cabinet to the European Commission's president, M Gaston Thorn, and a major EEC figure in his own right, has been found shot dead in his Brussels apartment.

M Spaak's body was discovered less than 24 hours before he was due to fly with M Thorn to the seven-nation economic summit which assembled in Ottawa last night. The death of M Spaak and of an unidentified woman were being investigated by Brussels police yesterday.

The shooting was a profound shock to the Thorn entourage which was subdued and shaken on arrival in Canada. It will mean a shake up in the president's five-man cabinet, his inner circle of advisers. M Thorn issued a statement expressing his extreme grief at the loss of a man "who had devoted his whole life to Europe."

The 57-year-old Belgian took over as chef de cabinet in February after M Thorn's first choice resigned because of ill health.

The Thorn commission, which took over at the beginning of January, has been consistently knocked off balance by death, illness, and changes of personnel. The Agriculture Commissioner, Mr Finn Olav Gundelach died suddenly in January, his successor Mr Paul Dalsager has been out of action since a heart attack in May, and the change of Government in France led to the replacement of M Claude Cheysson, who is now France's Foreign Minister.

M Spaak was the son of M *Paul-Henri Spaak*, former Belgian Prime Minister and Foreign Minister who played a major role in the formation of both the European Community and North Atlantic Treaty Organisation.

Dacko bans opponents

BANGUI — President David Dacko of the Central African Republic, has dissolved two opposition political parties, suspended a third and arrested some of their leaders. He said opposition to his Government had become "intolerable."

President Dacko, who has led the republic since the overthrow of Emperor Jean Bedel Bokassa, also announced the creation of a special court and the opening of a judicial inquiry into the actions of some opponents.

IMF WORLD OUTLOOK

Monetary policy changes urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A CHANGE in the balance of monetary and fiscal policies in some countries and the use of incomes policy are urged this morning by the International Monetary Fund in its annual World Economic Outlook.

The 154-page report by the Fund's staff looks at the prospects for 1981 and 1982.

The Fund forecasts only a modest recovery in output in the industrial world next year, a further rise in unemployment and a slowdown in inflation only to levels at least as high as in the 1976-79 period.

The report warns that stagflation is likely to prove a stubborn problem over a number of years, if only because of the strength of inflationary expectations.

"Handling of the stagflation problem will call for strict containment of the rate of growth of nominal demand and for more effective implementation of various supply-side measures, in order to raise the level of investment and improve economic efficiency.

"Also indicated is the use of incomes policy (wherever feasible) as a supplement to sound fiscal and monetary policies."

A further issue is "the possible use, if any, of monetary policy to foster a greater degree of short-term stability of exchange rates without jeopardising the first priority of such policy to counter inflationary pressures.

"A related question is whether it would be desirable for the national authorities to keep an eye on exchange rates in running their short-term monetary policies and, to the extent compatible with domestic objectives, to prevent exchange rates from going too far or having major external repercussions.

Oil demand

"Also relevant in this context is the scope that may exist in some countries to improve the mix of monetary and fiscal policies, by lessening the degree of emphasis being placed on monetary policy, for the purpose of easing pressures in the money and capital markets and of reducing the level of interest rates.

"Such an improvement would involve the adoption of appropriate fiscal restraint, without abandoning, or loosening, quantitative targets for the growth of the money supply."

Many of the non-oil developing countries "need to implement vigorous policies directed towards both the demand and the supply sides of their economies.

"They must ensure that their substantial amounts of foreign borrowing are matched by productive expenditures that will allow them to service their external debt in the future. This course of action will also enhance the creditworthiness of these countries and thus help to sustain the flow of bank credit to them.

"Within the large group of non-oil developing countries, the situation of the low-income countries is particularly unsatisfactory, calling for an expansion of grants and concessional loans from the industrial and oil exporting countries."

The detailed short-term forecasts assume the continuation of present policies, that the average exchange rates of January to May 1981 will prevail during the rest of 1981 and 1982, and that real price of oil will be unchanged.

The average growth of real GNP in the seven largest industrial countries (1¼ per cent in 1980) is expected to be roughly 1¼ per cent this year. Recovery in 1982 is likely to be modest, with the rise in real GNP of only a little over 2 per cent.

The current account deficit of the industrialised countries as a whole is expected to contract by roughly $15bn this year to $29½bn (or $50bn including official transfers) with little further change in 1982. This decline is concentrated among the major industrial countries.

Some of the smaller industrial deficits will face a continuing high deficit and the need for policy adjustments in some cases is becoming urgent.

The combined current account surplus of the oil exporting countries was about $112bn in 1980, roughly equivalent in real terms to the surplus of $68bn in 1974.

Capital markets

"With the expectation that the demand for oil from these countries will remain considerably below the levels of the recent past (1977-79), and on the working assumption that real oil prices will be unchanged from 1981 to 1982, the combined current account surplus should decline to $96bn in 1981 and to some $80bn in 1982."

The non-oil developing countries have faced a slowdown in the expansion of export volume and a deterioration in their terms of trade. The combined current account deficit is projected to rise from $82bn last year to $97bn in 1981 and to $102bn in 1982.

A further sharp increase in external borrowing is projected for 1981. The pattern, which includes an unusually high proportion of short-term funds, raises questions about the sustainability of some of the inflows.

For the non-oil developing countries as a group, the growth of real GDP has held up fairly well at an average of about 5 per cent a year. But this reflects the relatively good experience of a number of the larger countries.

The inflation record is considerably worse. "Because of the prevalence of accommodating financial policies, as well as the higher cost of imported goods, consumer prices in this group of countries have risen steeply.

"Measured on a weighted average basis, the rise in 1980 was 32 per cent, or 38 per cent if China is excluded.

Looking at the overall picture, the Fund notes certain encouraging features — for example, private markets have so far done well in the recycling process and adjustment to the second round of large increases in oil prices has been managed better than the adjustment to the 1973-74 rises.

A break in the previously close link between economic growth and oil consumption has begun to emerge.

However, "inflation must still be characterised as a severe worldwide problem. Slow (or, in some countries, negative) growth remains a key feature of the international situation and outlook.

"Growth prospects remain modest, large imbalances in external positions remain for some countries, and the danger of protectionism still looms.

World Economic Outlook, A survey by the Staff of the International Monetary Fund. Available from External Relations Department, Attention Publications, IMF, Washington DC 20431, USA.

Australia RTZ in £1.8bn coal sale to Japanese

BY OUR SYDNEY CORRESPONDENT

CRA, the Australian arm of the Rio Tinto Zinc group, has announced the signing of contracts for the supply of coal from its Blair Athol project in Queensland worth approximately A$3bn (£1.8bn) over 15 years.

The contracts announcement comes one month after the company received conditional approval from the Federal Government for the go ahead of the A$500m project.

This is one of the largest coal deals clinched in Australia and ties up Blair Athol's entire projected output in one move.

It has signed a contract to supply Japan's Electric Power Development Company (EPDC) and Japan Coal Development (JCD) with 72m tonnes of coal over 15 years from 1984.

The announcement from the Blair Athol Partners also appears to have resolved the apparent tussle between the two Japanese groups over who would take a 10 per cent equity stake in the project.

The announcement said EPDC, on behalf of all Japanese power utilities, had exercised an option to purchase the 10 per cent stake.

There had been reports from Tokyo that a dispute had arisen between EPDC and JCD over who would hold the equity.

This followed the Australian Government's approval, last month, of a 10 per cent Japanese holding in the project, subject to the other partners selling sufficient equity (24.39 per cent) to bring the project up to 50 per cent local ownership before the first export shipment.

Approval for the project had been held up because the original plan was for the Japanese to take a 19 per cent equity stake which would have left the level of foreign control too high under Australian Government guidelines.

Price for the coal in the new contract is believed to have been struck at slightly less than prevailing world rates for steaming coal, which would place it at between A$40 and A$45 a tonne.

Deliveries are scheduled to begin in the second quarter of 1984, and, according to Blair Athol, would be worth at least A$120m in the first year when 3m tonnes will be delivered.

This will rise to 4m tonnes in the following year and to the mine's projected capacity of 5m tonnes in the year after that.

The announcement also said that the Japanese groups would arrange some of the finance for the project and their equity purchase would require Japanese government approval.

Meanwhile, the other two participants in the project, CRA, with 52 per cent, and the U.S.-based Atlantic Richfield group, with 38 per cent, must set about selling a proportion of their equity to Australians.

Because CRA is an "Australianising" company under the foreign equity guidelines, it can count half its interest in any project as local.

Thus, under the final breakdown, CRA will retain just over 50 per cent of the project which will count for slightly more than 25 per cent local interest and other institutions buying into it will hold almost another 25 per cent.

Canada forges deal with Taiwan

VANCOUVER — Norco Resources has reached a tentative agreement for a C$55m (£24m) development of its thermal coal property at Bowron River in British Columbia in a joint venture with Taiwan Power of Taipei.

Mr Eric Roberts, Norcros vice-president operations, said last week that under the agreement a new operating company will be established to produce the coal with ownership 60 per cent in Norco's hands and 40 per cent in Taiwan Power's. Taiwan Power would provide about C$45m in equity and loans for the project subject to Canadian and British Columbia Government approval.

The agreement calls for delivery of coal at world prices to Taiwan Power for 25 years beginning next year. Initial annual deliveries are estimated at 40,000 metric tons by 1982 rising to a target of 1m tons a year by 1986, he said.

Norco has proven reserves of 54m tonnes and indicated reserves of 19m tonnes on its property, which is still largely unexplored, he said.

The company said current projections call for a price of $72 per tonne for thermal coal at West Coast Canadian ports in 1982. AP-DJ

Debate on Canberra, EEC row postponed

By Brij Khindaria in Geneva

DISCUSSION OF Australia's dispute with the EEC concerning Australian curbs on imports of cars, shoes and fork lift trucks has suddenly been postponed indefinitely at the request of both sides.

The dispute was to have been debated last week in Geneva in the Council—the highest dispute settlement organ—of the General Agreement on Tariffs and Trade, the world's trade watchdog accord.

Neither the Community nor Australia has said whether they plan to continue informal talks between themselves on the dispute. Trade officials in Geneva thought such talks were unlikely since the reason the row was brought to Gatt was inability of both sides to settle it bilaterally.

This means the Community remains free to impose retaliatory measures against the Australian curbs. The Community early this month formally told Gatt it intends to retaliate in a way such that Australian exports to the EEC are hurt as much as the Community's exports to Australia. Gatt officials said they did not know whether the dispute would again be brought before Gatt Council.

Australia was also unable to put sufficient pressure on the EEC to obtain satisfaction in another dispute.

The long-standing argument stems from an Australian claim supported by Gatt Council, that the Community subsidises its sugar exports. The Council last March ruled that the Community should alter the subsidy system so that it does not harm export interests of other sugar producers, including Australia and Brazil.

WORLD BANK HITS AT PROTECTIONISM

Call for improved trade monitoring

BY DAVID DODWELL

THE WORLD BANK, in a comprehensive attack on protectionism, is to call for the creation of new national institutions to monitor tariff and non-tariff barriers to trade.

Saying that insufficient attention is given to national consumer interests, the Bank argues that institutions must be established that will measure much more precisely the advantages and disadvantages of trade protectionism. The absence of such institutions until now has been a major cause of the intense politicisation of trade issues, the Bank says.

In its 1981 World Development Report, which is not due to be released until August 5, the World Bank says industrial countries have no choice but to encourage free trade: "The choice, often presented as 'protect or adjust,' is in reality 'protect or grow.'"

"The reluctance of many industrial countries to make the adjustments which changes in the international environment demand is slowing down their growth and simultaneously reducing the export prospects of the developing countries."

Claiming that vested producer interest have had an inordinately powerful voice in moulding trade policies and maintaining tariff and non-tariff barriers to trade, the World Bank calls for "a national and international effort to base policy on the broader concept of the gains from trade."

The banks says it is necessary "to mobilise those domestic interests . . . who bear the costs of production."

The first stage will be to establish bodies which can accurately assess the real cost of protectionism — particularly non-tariff protection. The Bank identifies the U.S. Trade Action Monitoring System, Australia's Industries Assistance Commission and the West German "Subsidy Report" as possible models.

It then says national governments might find economic and political merit in establishing institutions which "allow them to judge trade disputes in the light of overall costs and benefits."

Because the bodies currently "adjudicating" in trade disputes fail to take consumer interests into full account, "consumer groups have no alternative but to go over the heads of these (bodies) and apply pressure on politicians.

"Trade disputes, therefore, tend to escalate into higher-level disputes than they would if a technical outlet were provided for consumer as well as producer interests."

The Bank claims, for example, that protection costs Canadian consumers $500m a year to provide $135m of wages in the textile industry. Every $20,000-a-year job saved in the Swedish shipbuilding industry costs about $60,000 in annual subsidy.

In particular, the Bank attacks the way safeguard clauses have been used by industrialised countries.

It claims that the motive at present for a country not to maintain free trade is the fear that another country might retaliate. Imposition of safeguards to protect various industries "is then simply a matter of the relative power of the importer and the exporter."

At root is the mistaken view that exports equal gains, while imports equal a cost, the Bank says. It argues that the industrialised countries are likely to be the major beneficiaries of freer trade. Between 1970 and 1978, while developing countries boosted non-fuel exports to the industrial West by $12bn, the West boosted exports to developing countries by three times as much—$37.6bn.

It says trade is "not simply a question of trade surpluses"—it helps raise efficiency, counters inflation and spurs adjustment to higher-value added industries.

"The key to maintaining an open trading system" the report says, "is for each country to come to grips domestically with the opportunity and the challenge which adjusting to a changing international environment involves."

U.S. groups set up in Ireland

BY OUR WORLD TRADE STAFF

FOUR U.S. companies have decided to set up small, high-technology subsidiary operations in Ireland with the support of the Republic's Industrial Development Authority.

Chomerics, the Massachussetts-based electronics materials company, is setting up an I£3.2m (£2.6m) factory in Dublin to manufacture insulating materials, and gaskets for use in aerospace electronics. It will employ 140 by 1984, and will sell its Irish production to Europe and to the burgeoning electronics manufacturing industry in Ireland.

Electronics Concepts of New Jersey, which makes ultra-miniature film capacitors, is to begin production of its product at a new plant to be set up in Oughterard, County Galway. The plant will employ 135 by 1985, and marks the first time Electronic Concepts has set up an overseas subsidiary. The plant will involve an investment of more than I£750,000.

Con-Stan International of California will start producing a range of cosmetics and skin care products in Claremorris, County Mayo, early next year. It will employ 120, and will supply all its non-U.S. markets from the new factory.

C. R. Bard of New Jersey will begin production of cardiovascular products at its I£3.4m subsidiary being set up for Galway Town, County Galway. It will export to its overseas markets from the Galway plant, where some 250 people will be employed.

Electronic Concepts and Con-Stan are being assisted in a comprehensive training programme for local personnel by AnCo, the Irish state training agency.

Spain to boost Asean ties

JAKARTA — Spain will try to expand its exports to the Association of South-east Asian Nations (ASEAN) countries in order to close the deficit in trade balance with those countries.

Sr Juan Arenas, the chairman of a Spanish trade and industrial delegation in Jakarta, said Spain has exported goods worth some $200m to ASEAN countries against imports from these countries valued at $600m.

Sr Arenas said Spain hopes to increase its exports to the region in the form of machineries. AP-DJ

SHIPPING REPORT

Large tanker rates firmer

BY OUR SHIPPING CORRESPONDENT

LARGE TANKER rates firmed a little last week, but this was hardly enough to ease the general gloom on world shipping markets, whether for oil or other cargoes.

With tanker charterers more selective in the size and dates of tonnage they require, rates have gone up to around Worldscale 23 for the 330,000 dwt size from the Gulf to Europe. For the same route, ships of around 220,000 dwt have been fixed at around Worldscale 25½, both around 2½ points up on the previous week.

Nonetheless, said E. A. Gibson in its weekly tanker report, the oil glut is still there and there is no prospect of higher demand. "It continues to amaze many observers how with such low rates obtainable, there has not been a great increase in the number of vessels being laid up."

For VLCCs (very large crude carriers) to the East, the rate is around Worldscale 26½, all rates being fixed on the basis of slow steaming.

Charterers often have the option to use the ships for storage when the voyage is over. The Mediterranean market, added Gibson, "is without doubt a disaster area," with rates at rock bottom levels.

On the bulk carrier side, Galbraith Wrighton reported a continued fall in Atlantic rates for Panamax vessels — the largest ships able to pass through the Panama Canal.

For 74,000 tons of grain from the U.S. Gulf to Antwerp-Hamburg, the rate was only $10 a ton, "which reflects the continued weakness of the market due to lack of inquiry."

Coal business for this and next month has been very quiet, with no activity from Hampton Roads to Japan and rates static at around $21.50 a ton. Some business could develop for August, however.

China port expansion

China has invited foreign companies to tender for a port expansion project which will include a 20m tonne coal wharf, Reuter reports from Peking. The agency says the project, at the northern port of Qinhuangdao, includes two 50,000 tonne class berths and is the result of a loan agreement between the Foreign Investment Commission of China and the Overseas Economic Co-operation fund of Japan. Qinhuangdao last year handled 12m tonnes of coal, including 8.12m tonnes of exports, two-thirds of China's total.

World Economic Indicators

RETAIL PRICES (1975=100)

	June '81	May '81	April '81	June '80	% change over previous year
UK	219.4	218.2	216.8	197.1	11.3
W. Germany	129.1	128.6	128.0	122.4	5.5
Italy	252.9	250.5	247.0	209.7	20.6
	May '81	April '81	March '81	May '80	
France	182.3	180.7	178.2	161.7	12.7
Netherlands	143.4	142.7	141.2	134.7	6.5
Belgium	143.8	143.9	144.0	134.4	7.0
U.S.	166.8	165.5	164.4	151.9	9.8
Japan	144.8	143.3	142.2	137.4	5.4

Banks' help for home-buyers soars

BY OUR BANKING CORRESPONDENT

NEARLY 40 per cent of the new personal lending of the London clearing banks is now accounted for by home loans. This is roughly twice as much as a year ago, and reflects the aggressive inroads the banks are now making into the home loan market, traditionally dominated by the building societies.

The latest issue of Lloyds Bank Economic Bulletin forecasts that the banks will lend £1.2bn net for house-purchase in 1981, giving them 16 per cent of the new house-loan market—their highest share ever.

By the end of the year, it forecasts that they could have £4.3bn of housing loans outstanding, giving them a 7 per cent share of the total £59.5bn home loan market. This is roughly the same as the local authorities' share.

Lloyds Bank says that the rise in the banks' home loans is "even more dramatic" than the published figures indicate because a large proportion of their existing home loans are made up of staff loans and short-term bridging loans.

It estimates that of the London clearing banks' £2.4bn outstanding home loans in May, perhaps three-fifths were bridging and staff loans and two-fifths—about £1bn—house purchase advances for customers. The latter are increasing "very rapidly."

Competition between the banks and building societies is concentrated on interest rates and size of loan. Banks are often more expensive than building societies, but the interest rate differential is now only 1 per cent and could be less if tax relief is taken into account.

Lloyds Bank says that the banks are prepared to lend larger sums than the building societies and often prepared to lend a higher proportion of the total valuation.

Many banks, for example, will now lend up to 95 per cent of the total value of a house.

The bank notes that the banks' re-entry into the home loan market is seen as a permanent move and not just a way of disposing of a temporary surplus of funds.

If the authorities ever found it necessary to curb housing credit, the banks would expect the building societies to be treated on the same basis as themselves.

Lloyds Bank estimates that net lending on home loans is likely to rise by £7.5bn in 1981. It bases its estimate on the assumption that personal disposable income will rise by 11 per cent, real house prices fall by 6 per cent and that the mortgage rate averages 13 per cent.

Hambros granted offshore licence in Gibraltar

BY OUR BANKING CORRESPONDENT

HAMBROS BANK has become the first UK merchant bank to be granted an offshore licence in Gibraltar, one of Europe's smallest tax havens. Hambros Bank (Gibraltar) has been set up with £750,000 capital and will offer a full range of merchant banking services to non-residents.

Mr D. J. Thomason, a director of Hambros Bank, said it was expected that apart from general banking facilities to non-residents, the main areas of business would be investment advice and banking services for tax-exempt companies in Gibraltar and various services to expatriates living in Spain and close to Gibraltar.

The bank also hoped to win business in Morocco and the management of customers' offshore funds. Hambros believes that Gibraltar is an attractive place for captive insurance companies and plans to offer tax advice for clients wanting to set up such companies.

Gibraltar, which is a Crown Colony with a population of under 30,000 and an area of 2.5 square miles, is served by a handful of banks. Barclays Bank International, with three branches and three agencies, is the largest. Banque de l'Indochine et de Suez and Algemene Bank Nederland also have local operations. The main local bank is A.L.Galliano Bankers, a family firm, which was established in 1855.

The new bank will complement Hambro's merchant banks in Guernsey and Jersey, which have total assets of £120m.

Consumer credit demand shows half-year fall of 4%

BY DAVID CHURCHILL
CONSUMER AFFAIRS CORRESPONDENT

DEMAND FOR consumer credit in the first six months of 1981 has fallen by about 4 per cent over the same period last year, according to figures published today by the United Association for the Protection of Trade.

They reflect clearly the depressed state of high street spending so far this year and the low level of consumer confidence.

The association, which is the largest private source of credit information, reports that demand rose by 5 per cent in June compared with the previous month. But Mr Brian Bailey, the deputy director, says that June is traditionally a good month.

"Figures fluctuate to such an extent from month to month that it was difficult to establish any meaningful trend before," he adds.

"However, average figures for the first six months show a 4 per cent fall on the same period last year, and confirm our view that a lower overall demand for credit this year was almost inevitable considering the economic situation."

On a regional basis the association's figures show marked variations. In the north of England, demand was 4 per cent higher in the first half of 1981 than in the same period last year. In Northern Ireland, the increase in demand was even higher at 10 per cent.

In the Midlands, however, demand fell by 10 per cent over the six months period.

Expansion 'in the autumn'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ECONOMIC expansion should begin this autumn and prospects are good for growth next year, according to a cautiously optimistic assessment from stockbrokers Grieveson, Grant.

The brokers project a rise in real gross domestic product of between 2 and 2.25 per cent next year with expansion of between 3 and 3.5 per cent in 1983.

The firm highlights the considerable gains in productivity being made. Company profits will improve in the second half of this year and will rise strongly through 1982 and probably in 1983 as well.

This analysis is more optimistic than some other recent forecasts from both official and private bodies which have projected only a modest recovery next year.

In other City comment, stockbrokers W. Greenwell highlight the sharp rise in UK residents' foreign currency deposits.

This means that the published data for sterling M3 and other broad sterling monetary aggregates are understating the liquidity of British residents.

Black economy 'volatile'

BY OUR BANKING CORRESPONDENT

THE UNOBSERVED sector or the black economy in the UK is both so large and volatile as to have wide-ranging implications for Government policy, a U.S. economist argues.

Writing in the Journal of Economic Affairs Professor Edgar L. Feige of the University of Wisconsin, estimates that a minimum of 15 per cent of the UK's national income escapes measurement and the tax net.

On the basis of calculations of the volume of monetary transactions, he suggests that nearly £28bn was undeclared in 1979. This is twice as high as the estimate by Sir William Pile, then chairman of the Inland Revenue.

"If all the income produced in the unobserved sector were subject to the prevailing average tax rate this alone would imply a current revenue loss exceeding £9bn, indicating a massive redistribution of income from taxpayers to tax-avoiders," the professor argues.

The Journal of Economic Affairs, volume 1, number 4, July 1981. Published in association with the IEA by Basil Blackwell, 108, Cowley Road, Oxford OX4 1JF.

Metro Cooper on the road next month

By John Griffiths

THE COOPER name, after motor-racing designer and engineer John Cooper, is being revived for a new version of the Austin Metro. The Metro Cooper will be available in limited quantities next month.

The main modification will be to the engine, with some cosmetic changes. The car is described as being much more powerful than the Mini Cooper.

But unlike the Mini Cooper, the new car is not a factory-built BL model. It is a project devised by Mr Cooper and Mr Jonathan Sieff, to whom Mr Cooper sold his business some years ago. Mr Sieff is Cooper's chairman, as well as chairman of Wadham Stringer, BL distributors.

Up to 10 cars a week will be built by Cooper and they will be sold through Wadham Stringer's 36 outlets.

Mr Brian Ellison, operations director of Wadham Stringer Vehicles, said that if the company was flooded with orders the cars would also be built at Wadham Stringer's premises.

Wadham Stringer is reticent about development costs, saying only that they were "surprisingly small."

No price has been announced, but Wadham Stringer says it is hoped to be below Renault's comparable Gordini, which retails at £5,300.

BL, asked why it had not decided to follow the highly successful Mini Cooper formula with the Metro, said: "Our first responsibility must be to meet demand for our existing models. But we have some exciting plans for the future."

Industry experts may advise councils

DISTRICT COUNCILS should consider appointing external consultants or excutives from industry or commerce on a temporary basis to develop economic development policies.

The advice comes in an Association of District Councils working party report on how local authorites can deal best with industrial stagnation and unemployment. The report, published this week, says that a properly developed marketing and promotion policy is essential for success.

District councils should consider appointing economic development officers from outside local authority circles. External consultants have the advantage of being available at short notice, and councils can limit the length of commitment.

A second choice is to appoint outside executives on fixed term contracts. Chief executives and council staff should regard economic development as being of prime importance, the report urges.

Chancellor rules out pensioners' tax aid

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, has turned down a proposal which would stop the taxation of single women aged between 60 and 65 whose sole income is a small amount of graduated or occupational pension on top of their basic state retirement pension.

Age Concern, the welfare organisation, had protested to the Chancellor about the failure to raise tax allowances in the last Budget, which made this section of the retired liable for tax because they did not qualify for the more generous age allowance which all other retired people on low incomes could claim.

Less security urged for mental patients

As many as two-thirds of mentally disordered people housed in special hospitals in Britain could be safely treated or cared for in less secure and isolated conditions, says Mind, the national association for mental health.

After studying 140 patients in special hospitals from the South East Thames Regional Health Authority, Mind concludes that about half these patients could be moved if there was a limited improvement in facilities — such as the setting up of area clinics.

If longer term minimal security hospitals were also available, as many as two-thirds of the patients in this area alone could be transferred.

Ministers to study plan to help cutlery makers

A PLAN to aid the struggling British table cutlery industry is to be discussed today by the Federation of British Cutlery Manufacturers and two government ministers.

Mr John Price, president of the federation, will be meeting Mr John MacGregor of the Department of Industry and Mr Cecil Parkinson, Minister of Trade, to discuss a recent FBCM report in which Mr Price proposes that the three main trade associations should become a single trade body.

Cetus may set up plant in Britain to produce anti-cancer drugs

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CETUS, the U.S.-based genetic engineering group, believes it is increasingly likely that it will soon be able to set up a subsidiary in Britain. The company has just signed a pact with the UK-based Davy group, and says it would be prepared to consider building a UK plant to produce interferon — a biotechnological drug being used to combat cancer.

Dr Ronald Cape, chairman and chief executive of Cetus, has stressed that the company is keen to establish a British offshoot. He said one reason for this was Britain's "excellent reputation" as a research base.

Dr Cape added that the Cetus arrangement with Davy had not committed either company to anything specific—but he said there could be a possibility of the two co-operating over the development of a new, more efficient production process for interferon.

The production of sufficient quantities of interferon in a pure and consistent form has presented major problems to companies working with the drug.

But Cetus has just gained approval from the National Institutes of Health in the U.S. to make interferon using a bug called *bacillus subtilis* instead of the E.coli bacterium that has hitherto been used.

Dr Cape pointed out that Cetus was the only company to have gained such approval—which is thought to be good practice although it is not legally necessary.

He said that interferon had to be made in batches when E.Coli bacteria was used but a continuous production process could be employed if manufacture was based on the *bacillus subtilis* bug. The use of *bacillus subtilis* would also reduce the danger of toxicity.

He stressed, however, that it was still too early to say whether Cetus and Davy would jointly develop the new production process.

June savings down to £290m

BY ERIC SHORT

NATIONAL SAVINGS receipts continued to fall last month from the record April level, and provisional figures show that net receipts totalled £290.5m, compared with £363m in May and £696m in April.

After three months of the current financial year, the Government has attracted £1.35bn of the £3bn target set for National Savings in 1981-82.

Despite the further fall, it is still well on target.

Recepits from non-index linked savings certificates tumbled from the previous high levels, amounting to £54.6m (only £20m net after repayments). This compares with receipts of £174m in May and £547.8m in April.

These sales reflected the attractions of the 19th issue which yielded 10.33 per cent free of all taxes if held for five years. This was withdrawn on May 9 and the current 21st issue offers 9.02 per cent.

Index-linked certificates have also lost some of their appeal, with net receipts declining further to £94m from the peak £207m in April, when the age limit for these "granny bonds" was lowered from 60 to 50.

Elsewhere, receipts into the National Savings Bank investment account attracted £106.7m, which left a net £57.6m after repayments of £49.1m. Again, the amount invested was well below the previous two months, reflecting the lower interest rate paid.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	The Royal Tournament (01-371 8141) (until Aug 1)	Earls Court
Current	Autumn '81 Lightshow (Moelfre 88396) (until July 23)	Olympia
Current	21st Harrogate Gift Fair (0282 867153) (until July 23)	Harrogate
Aug 4-9	Women's World Exhibition (0272 298630)	Exhibition Centre, Bristol
Aug 9-12	British Furniture Manufacturers Exhibition (01-724 0851)	Belle Vue, Manchester
Aug 9-13	International Gifts Fair (01-855 9201)	Olympia
Aug 21-31	Motorcycle Show—BIKE '81 (01-385 1200)	Earls Court
Aug 23-26	International Craft and Hobby Fair (04252 72711)	Wembley Conference Centre
Aug 23-28	Solar World Forum—International Energy Society Congress and Exhibition (01-493 6601)	Brighton Centre
Sept 3-5	Business and Light Aviation Show (01-643 8040)	Cranfield Airfield
Sept 6-9	Wholesale Jewellery Buyers' Autumn Fair (0935 20721)	Regents Park
Sept 6-10	Watch, Jewellery and Silver Trades Fair (01-643 8040)	Earls Court
Sept 8-10	Laboratory 81 Exhibition (0799 22612)	Grosvenor House, W1
Sept 8-11	International Carpet Fair (01-839 5041)	Exhibition Centre, Harrogate
Sept 11-13	National CB Show (01-437 1002)	Old Horticultural Halls, SW1
Sept 13-16	MAB International Menswear Fair (0727 63213)	Earls Court
Sept 15-17	Industrial Environment Show (01-686 6339)	Olympia
Sept 15-22	International Plastics Exhibition—INTERPLAS (021-705 6707)	National Exhibition Centre, Birmingham
Sept 15-18	Offshore Europe 81 Exhibition and Conference (01-549 5831)	Aberdeen

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Aug 24-28	International Public Works and Municipal Services Exhibition—CIVICON (01-486 1951)	Johannesburg
Aug 25-Sept 2	International Exhibition of Agriculture, Machinery and Produce (01-486 1951)	Mexico
Aug 28-Sept 6	International Fair of Consumer Goods (01-874 6034)	Stockholm
Aug 29-Sept 2	International Fair (01-734 0543)	Frankfurt
Sept 4-13	International Radio and TV Exhibition (01-540 1101)	Berlin
Sept 5-8	International Exhibition of Sports Goods and Outdoor Activities (01-439 3964)	Paris
Sept 6-12	International Autumn Fair (01-493 3111)	Leipzig
Sept 9-12	Electronic Packaging Exhibition—INTERNEPCON (01-390 0281)	Taipei
Sept 9-17	International Engineering Fair (01-278 0281)	Brno
Sept 18-20	International Trade Fair for Tableware, China, Glassware, Cutlery and Metalware Accessories (01-204 1212)	Salzburg
Sept 11-20	International Autumn Fair (01-486 1951)	Zagreb
Sept 14-18	SE Asian Production Machinery and Engineering Equipment Exhibition (01-486 1951)	Singapore
Sept 19-20	Scandinavian Fashion Week (01-540 1101)	Copenhagen
Sept 20-23	Hardware Trade Fair (01-439 3964)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

July 22	Westminster and City Programmes: Protecting the pensions of job changers (01-582 6516)	Europa Hotel, W1
July 23-24	University of Bradford: The causes of symptoms of company failure (Bradford 42299)	Heaton Mount, Bradford
July 27-Aug 2	Investment Seminars International: Offshore investment seminar on international portfolio strategies and techniques (01-839 2922)	Grosvenor House Htl., London
Aug 6-7	AMR International: Executive Project Management (01-262 2732)	Gleneagles Hotel, Perthshire
Aug 13	LCCI: Opportunities for British business in the Yemen Arab republic (01-248 4444)	Cannon Street, EC4
Aug 19	Institute of Credit Management: Credit Clerks Training Day (0990 23711)	Kensington Palace Hotel, W8
Aug 24-29	National Association of Corporate Real Estate Executives: Investment Opportunities in the Northeast U.S. (Germany Tel. 4189509 bretd.)	Boston, Mass.
Aug 25	Management Training Consultants: Modular Approach to Supervisory Training (0533-27062)	Aberdeen
Sept 3	Citizens' Rights Office: Income Maintenance and the Personnel Officer's Job (01-405 5942)	Cora Hotel, WC1
Sept 7	British Computer Society: Query Languages for the End User (01-637 0471)	Mount Royal Hotel
Sept 10	IPS: Materials for industry—present and future (0990 23711)	Europa Hotel, W1
Sept 10-12	Institute of Local Government Administrators: Employment—the Local Government Response (0206 45212)	Birmingham
Sept 13-26	Seatrade Academy: Anatomy of Shipping (0223 353451)	Cambridge
Sept 15	CBI: Introducing single status employment—what's the difference? (01-379 7400)	Centre Point

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

CONTRACTS AND TENDERS

هكذا من الأصل

ınti-whaling groups ıight find price of ıccess comes dear

RICHARD MOONEY

INTERNATIONAL Whal- ›mmission begins its 33rd : session in Brighton amid growing fears that ımmission itself could soon unct.

‹e the Whales" cam- rs, whose influence on ›mmission's deliberations ›wn dramatically in recent do not expect the world- ›an they have been fight- r to be agreed this year, ıey are speaking con- of one being imposed five years.

would be a triumph for npaigners but there is a question-mark over r it would benefit the

pects for a ban hinge on tic of persuading coun- ›ho have never had any ment with whaling to p with the commission n the anti-lobby.

ady the nine whaling are easily outnumbered 33-member commission can only be a matter of efore the antis will com- the 75 per cent majority eed to push through a

would only be effective, r, if the whaling nations o obey it and this seems y.

, the world's busiest g nation can claim with justification that the g of the commission has devalued by the anti- g lobby's blatant playing umbers game; the com- ı's membership has y been swelled by the signing of tiny St. Lucia and land-locked Switzerland, among others.

Japan would be likely to dismiss a ban imposed in these circumstances as resulting from vote-rigging and withdraw from the commission forthwith, taking most of the other whalers with it.

In a position paper issued ahead of this week's meeting, Japan suggests that this would be followed by the establishment of a new organisation more likely to carry out the commission's original aim of "proper conservation and rational utilisation of whale resources."

Apart from the pure emotion the main arguments against continued whaling are the cruelty of the hunting methods (which the Japanese do not actually deny but claim they are trying to do something about) and the threat of extinction for some species.

The second of these arguments, usually given the most weight in debate, is not based on scientific evidence but on the claimed lack of it. Scientists on anti-whaling delegations insist that not enough is known about whale populations and breeding patterns for it to be safe to carry on hunting them.

The whalers, particularly Japan, maintain that there is good evidence to show that no whale species is currently declining in numbers and that catching could be increased by around 60 per cent from present levels for certain types without doing long-term damage to stocks.

Money-back offer from Jetsave on U.S. trips

By Arthur Sandles

JETSAVE, the tour operating subsidiary of Associated Communications Corporation, is sharpening the North Atlantic travel price war with a money-back guarantee on its U.S. trips — if the pound revives.

Jetsave is also pledging not to introduce surcharges if customers pay in full for their holidays when making bookings from its 1981-82 winter brochure.

The move comes as the industry is in disarray over prospects for British traffic to the U.S. Although nearly 1.5m Britons may visit the U.S. this year, the market has been hit recently by the rapid rise in the value of the dollar against sterling.

There is concern not only regarding currency value but also over fuel prices. Aviation fuel is normally bought in dollars and clearly long-haul holiday prices are much more exposed to surcharging than short-haul ones.

Jetsave is telling customers who do not pay in full that they could face additional charges. The money-back offer is triggered at $2.16.

Jetsave's holidays to Florida, California, Arizona, the Caribbean and Hawaii are based on $2 to the £ (the rate on June 17).

British Technology Group merger close

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A GOVERNMENT announcement is imminent on the merger of the National Enterprise Board and the National Research Development Corporation to form the British Technology Group.

The announcement is expected to be made by Sir Keith Joseph, Industry Secretary, in answer to a Parliamentary question put down by Mr Michael Grylls, leader of the Conservative backbench indusry committee.

Legislation to bring the two organisations together is not not likely to be introduced at least until the next session of Parliament, but the formal announcement of the merger will permit consolidation of their activities.

These will include the formation of a single board and a new staff structure to take account of the role that the Government has assigned to the new body— that of fostering the development of high technology companies.

Progress has already been made in this direction since the appointment in January of Sir Frederick Wood as chairman of the NEB. Sir Frederick is also chairman of the NRDC, and two months ago, Mr Brian Willott was appointed as chief executive of the NEB and NRDC.

The combined staff of the British Technology Group will be around 300. Next year they will vacate their separate offices and move to new premises in the Elephant and Castle area.

The present roles of the two bodies in fostering high technology are seen as complementary. The NRDC is involved mainly in the financing of research and specific projects while the NEB has the business expertise to help companies in their development financing from the public and private sectors.

An example of this joint effort was provided last week with the funding of expansion at Quest Automation, a company which plans to expand in computer-aided design and manufacturing. Another is shortly to be announced at Agemaspark, a company specialising in spark erosion machinery.

The concentration of the NEB on the identification and development of high technology opportunities follows the Conservative Government's dismissal of Labour's plans for the NEB to be a holding company in British industry.

Many of the structural and personnel changes have already been effected at the NEB, but it is likely that there will need to be more changes at the NRDC, which has been criticised for being highly cautious.

The financing of the two bodies is expected to continue on separate lines until the legal framework has been established for the single organisation.

Authorities worried by docklands funds delay

By Gareth Griffiths

LOCAL AUTHORITIES in London's dockland are worried over a several-month delay in transferring £6.5m from the London Docklands Development Corporation to their urban development programme. They blame the delay on a wrangle over docklands funding between the Treasury and the Environment Department.

The money was assigned to the local authorities by the LDDC in April when it was realised that the corporation would be vested later than intended because of delays in Parliamentary approval.

Some £4m was allocated to cover an existing shortfall on local authority projects, £1m for new contracts, £500,000 on assistance to industry and £1m for voluntary sector projects.

Funding was to come from the LDDC's £65m budget for 1981-82.

Southwark, the local authority most seriously affected by the delay, says several projects are being held up.

The Environment Department argues that there has been a delay in getting the LDDC off the ground and that urgent projects have been funded.

London empty office space at high level

BY MICHAEL CASSELL

THE AMOUNT of space taken by office occupiers in the City and Holborn fell in June to its lowest level for nearly two years. Available space rose to its highest point since the end of 1978.

Total office floor space let or put under offer in the so-called "City fringes" immediately to the east and south of the financial district was the lowest recorded for at least five years. There is more fringe space on the market than at any time since October, 1978.

Central London's office markets have largely managed to escape the impact of the recession, given their dependence on the financial and service industry sectors. But there are now clear signs of some weakening, although the pattern is very mixed in terms of location and space.

Completion

With over 2m sq ft of new development space due for completion in the City this year, there is expected to be an overall space surplus of about 1m sq ft, as there was in 1980, although the view has been that the market should return to balance in 1982.

In the following 12 months there could be a shortage of space if the economy revives and demand turns upwards.

Estate agents in and near the City still report a high level of activity and say that there is healthy demand for good office space, though rents for prime accommodation have not shown significant growth this year.

In its June office floorspace survey Debenham Tewson and Chinnocks, the City chartered surveyors, says that only 180,000 sq ft of office space was let, sold or put under offer last month, a little more than half the May total and the lowest figure since October 1979.

Tenants

Debenham Tewson reports that while the amount of space coming on to the market in June fell from May's level, it reached over 400,000 sq ft for the fifth successive month. By the end of June there was 2.26m sq ft of space available, the most since Christmas 1978.

The high volume of space on the market is clearly taking its toll on the fringe office market, says Richard Saunders, another City agent and surveyor. Only 63,000 sq ft was taken up by tenants in June, barely a third of the figure in May and well under half the monthly average for the first half-year. Space available rose to over 2m sq ft for the first time this year.

Desite the seemingly ready availability of office space, office units of more than 50,000 sq ft are hard to find.

ɔke-oven problems hit ƽC's Teesside plant

HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GEMENT at British Steel ation's Teesside division ncerned that continuing al problems at one of rporation's most modern orks could lead to some activities being trans-

ent problems with the ‹ens, which were com- ned in 1978 and 1979, are g a substantial shortfall financial targets which for the division in BSC's te plan.

stance from the Inland ompany in Chicago, which ilar coke ovens, has been d but it is thought that be several weeks before n be sorted out.

l not be until that time will be possible for head determine whether this is the sole cause of the productivity problems on Teesside.

Nearly a year ago, Teesside —which employs 12,000— experienced technical difficulties with its new blast furnace at Redcar, which led to steelworkers being laid off for a while at Lackenby.

The blast furnace, the largest in Europe, is now working adequately, but this and the coke-oven problems underline the inherent risks attached to the inflexibility of such a large operation.

The coking process is critical, coming as it does at the beginning of the steel production cycle. But in the past couple of months Teesside has been making only about one-half to two-thirds of the coke that it needs to meet its 53,000-tonnes-a-week target for steel.

d of chapter (but not the ry) in a morality tale

AY MAUGHAN

it not for the brutal made against the nt, the long-running ıks case which ended in h Court last week reads thing so much as a morality tale, the s Grimm out of Harold

udge ruled last Thurs- Mrs Elizabeth Hegard p many items of jewel- rth as much as £50,000, t companies controlled former husband, Mr gard, the Norwegian , were not entitled to urn.

ourt heard of the mag- lifestyle led by the during their days of fleets of Rolls- (just one would never of private jets and of houses and apart- many of the world's gant cities and resorts, ous jewellery including sted cuff links, said to n made by Fabergé for holas II.

the barely-concealed ty and disgust of Mr Comyn, the court also ims that this opulence ıded not from Mr own pocket but by the ompanies he ran.

dge said that he would papers of the case to tor of Public Prosecu- r his consideration. and bills were freely Seton Trust (one of so companies con- the Norwegian an) and were met ningly," the judge "No audits or nquiries hindered this

not the first time that d has had to withstand iticism. In 1976, the s Commission ruled he bid for Herbert he long established, cranemaker, by a controlled by Mr d Mr Teddy Smith, his ose associate.

ommissioners pointed "it is not possible to e widespread distrust T. Smith and Mr P. C. ich stems from an im- hat in their business they are primarily in making quick gains."

r smoking dealer, who- have run up bills of £10,000 with Dunhill — has since remarried and is living in Oslo

He spent 16 years in London before his return home and his most active period in the public company spotlight occurred during the property and secondary banking bubble in the early years of the past decade.

Mr Smith and Mr Hegard were partners during that tinsel boom through the secondary bank, Bryanston Finance.

This was spearheaded by E. and H. P. Smith, a general engineering and machine tool group, one of whose principal assets was a large chunk of the cranemaker. Mr Hegard reversed some of Bryanston's industrial interests into E. and H. P. Smith and changed its name to Amalgamated Industrials.

Amalgamated made various forays into what became known as "asset situations" within the next few years; some were successful and others, like Herbert Morris, which went eventually to Davy Corporation, were not.

But Amalgamated quickly became enmeshed in a complex web of cross holdings. It is owned by Seton Securities which in turn is equally held by two investment companies.

Just to tangle the knot a little bit further, these two companies are controlled by a Jersey trust. Seton Securities is the hub of a small branch network of Hegard companies which were pressing for the return of the cufflinks and many other valuables.

The case was made more fraught by crude threats against Mrs Hegard, culminating in the macabre clubbing of a chinchilla rabbit.

Mr Hegard never appeared in court but the judge felt that he had played an extraordinary part in the proceedings and perhaps even controlled them. Under a management agreement, Mr Justice Comyn observed, the financier was only seven days away from resumed control of his group and thus directly of the court action. "It is all very extraordinary, very suspicious and very unsatisfactory," he found.

"Everything to do with the Seton Group," he said, "company books and papers, transactions and all company activities—needed to be treated with profound distrust."

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Holding fast in the face of adversity

Rhys David describes how Vantona has bucked the trend in the textiles market

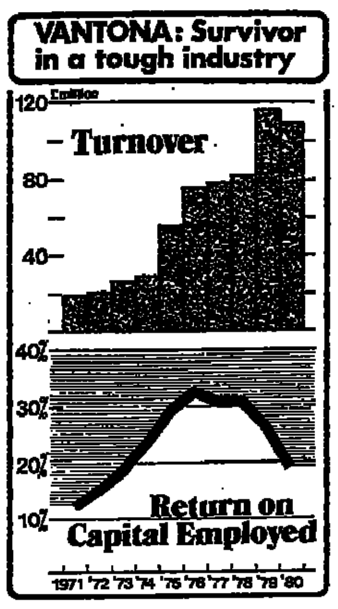
COMPANY annual meetings in Britain are not noted for interventions—least of all positive ones from trade union leaders.

But at this spring's meeting of Vantona, a Lancashire textile group, Jack Brown, the general secretary of the Amalgamated Textile Workers, rose to record his union's tribute to the company's performance in what has generally been a disastrous year for the industry. Over a period when more than one fifth of all textile workers in Lancashire lost their jobs and 100 mills closed, Vantona managed to avoid any major redundancies and kept all its North West factories going.

One of the industry's medium-large groups, Vantona achieved a turnover last year of £109m despite its heavy involvement in household textiles, a sector which over the past year has been complaining loudly of being swamped by cheap imports from the U.S. Pressure from U.S. competitors — now estimated to have more than 30 per cent of the UK market in bedlinen — was the main reason for the recent decision by one of Vantona's rivals, Courtaulds, to close its modern integrated household textiles plant at Campsie in Northern Ireland.

Like the rest of the Lancashire textile industry, Vantona has had to allow its margins to be badly squeezed over the past year, exacerbating a trend that began the previous year, with the result that pre-tax profits were halved in 1980 to £4.3m. Nor has there been much improvement in the first half of this year; weak selling is still a feature of an overcrowded marketplace. But Vantona claims to have held market share in its key business areas—which include uniform clothing and women's wear as well as home textiles—and to be enjoying some recovery in volumes. Since the spring, the group says it has been able to restore its Lancashire mills to full time and some are said to be busy.

The relative success the group has had in the difficult textile market can be traced in part to a management style developed over 30 years in the UK industry by its Iranian-born chief executive, Davoud Alliance. Alliance merged his previous company, Spirella, into



Vantona in 1975, quickly establishing himself as the dominant force.

According to one outside observer his style amounts to picking entrepreneurs and putting them in charge of highly decentralised businesses, making sure the whole time that they have accountants at their elbows. This is an approach towards which some of the bigger textile groups have recently been feeling their way.

At the same time, however, Vantona has been careful to concentrate its efforts in just a handful of textile sectors, and to forge close links with major outlets in retailing and mail order. As the annual meeting showed, it has also developed very close relations with the unions in an effort to gain their co-operation in the introduction of new equipment and working practices.

Autonomy

The group itself consists of some 40 or so subsidiaries operating on 50 sites, each of which has retained its own name and a large measure of autonomy—the best way, Alliance argues, of enabling management to build personal relationships with the workforce, and of developing a flexible response to customer requirements.

Each individual company carries out its own product design and negotiates directly with customers, setting the

Hugh Routledge

While Vantona has been successfully supplying the market with high quality towels, including these distinctive towels which its subsidiary, Stott and Smith, makes for Marks and Spencer, importers from Portugal, Brazil and elsewhere have been carving out a growing share for themselves with plain-coloured, simpler towels aimed at the cheaper end of the market. Faced with this threat, Stott and Smith has produced a low cost towel in a new construction and has persuaded its employees to accept the new working methods and manning practices required to produce it economically. Although margins have ***been pared in order to match the prices of the imports, the company reckons it can also generate healthy sales in this sector.***

prices it believes it can obtain. The subsidiaries are also responsible for working out the production methods most suitable for the items they are making, though if this involves major investment they also have to demonstrate that an adequately good rate of return will be forthcoming. Negotiations with the various unions which have members at Vantona group companies are also carried out at plant level.

This decentralised strategy is backed by a rigorous system of monitoring (described separately) by the board and half a dozen other senior executives who, together with chauffeurs and secretaries, make up the complement of not much more than 20 at Vantona's headquarters on the top floor of an office block in the centre of Manchester (the other main occupant of which is the Bank of England).

The second part of the strategy—concentration on just a few areas of the textile market—has given Vantona the advantages of economies of scale as a volume producer, and put it in the position to be a key supplier to major outlets such as retailing and mail order.

Thus in home textiles, Vantona reckons to have some 20 per cent of the UK market—more than any other manufacturer—while its product range is also more comprehensive. As well as making sheets, pillowcases, and towels the group dominates the bedspread market supplying retail, mail order and hotel contract markets, and is the biggest producer through Ewart Liddell of Irish Linen tableware.

From this position of strength Vantona has been able to concentrate its marketing efforts on selling to retail buyers rather than to consumers and on developing new merchandise jointly with the major outlets. Although the group does have a number of strong brand names an estimated 30 per cent of its household textiles output goes to Marks and Spencer to be sold under the St Michael label, and various other own label outlets are also supplied.

The group's other main activity—the manufacture of uniforms through the Compton, Son, and Webb business acquired in 1978—has given Vantona a similarly strong position in another specialised segment of textiles where again there are opportunities to develop close links with customers. The purchasers of uniforms are the big utilities like the Post Office and British Rail and the defence sector; Vantona claims to supply half the market and in consequence to be the biggest uniform manufacturer in Europe.

With the development of the uniform business the significance of women's wear—a risky area of the sort Vantona has tried to avoid—has become much less important. Fashion fabric production has been dropped altogether and the company's making up factories now concentrate on supplying own-label dresses to Marks and Spencer and other chain stores. The other main women's wear business is ready-to-wear and bespoke foundation garments—an unexciting but safe trade.

The group's safety-first approach has also been carried through into investment where annual spending over the past three years has been running at around £4m. Most of this has gone towards protecting Vantona's existing strengths, and over the past year in particular towards cutting costs and improving efficiency. Thus in finishing, savings of 20 per cent are estimated to have been achieved through the introduction of microprocessor controls aimed at ensuring correct measurement of increasingly costly dyestuffs and other liquors and precise regulation of water-temperature.

The group has also re-equipped its R. Greg spinning mill at Stockport, which supplies part of its yarn requirements for sheeting. There has also been substantial investment in wide-width printing—essential to achieve economies of scale in the production of patterned polyester-cotton sheets. Its wide-width printing, which also serves customers outside the group, represents around one third of UK capacity, according to Vantona.

Significantly, too, the textile unions have been prepared to accept the consequences of investment in terms of lower manning levels because of the attention the group pays to industrial relations and in particular to its record in saving jobs wherever possible. This close relationship has been achieved, too, even though the group has never disguised the fact that it imports a significant proportion—probably at least a third—of the yarn and raw material it uses in its bedlinen operations.

Modest

But while the group's strategy has enabled it to command a major share of the growth in household textiles—one of the fastest expanding textile areas in the past 10 years—and has helped to carry it through the present recession, it will almost certainly need to be refined to meet the new difficulties the rest of this decade will present.

In the short term there is unlikely to be a substantial recovery in UK demand, though a return to more normal retail stock levels is likely to benefit manufacturers like Vantona, whose profits for 1981 are being put by analysts somewhere between last year's £4.3m and 1979's £8.6m. Over the next few years, too, the household textiles market in Britain seems likely to show only modest growth and if it is to achieve a faster rate, Vantona will have to grow at the expense of rivals. This is where, according to Alliance, investment programme of the past few years could be important.

There is also scope for expansion of exports, which last year amounted to less than 15 per cent of turnover. The future of some of its more specialist operations could depend, Alliance admits, on increasing the volume throughput with greater export business, and over the past few months the group claims to have witnessed a significant improvement in overseas sales.

In Europe where the main effort would have to be directed it will be much more difficult, however, for Vantona to establish the kind of intimate relationships it has secured in Britain with important customers such as Marks and Spencer.

Acquisition represents the other main option, and as in most businesses, this remains under consideration; Vantona's preference would be for a company operating close to the consumer. The company is, however, only likely to look at businesses where the same approaches that have made it successful in its existing operations can be applied. Unfortunately, the businesses likely to fit this description in textiles, the field in which Vantona would look for possible acquisitions, are few or likely to be very costly.

Operating against the background of these constraints in a market that will continue to be difficult, it will clearly not be any easier for Vantona to go on outperforming bigger but hitherto less well organised rivals. Alliance is convinced it can be done, however, providing his basic guidelines for running a business are followed. "We aim to be creative in every area, whether in production, design or manufacturing," he says. "The challenge is to do everything more efficiently than in the past."

Davoud Alliance's head office monitoring system involves the subsidiaries supplying weekly figures on its cash position, production and productivity—for example the actual cost of output as against standard cost. Every month a full operating statement has to be submitted showing performance against budget and against the previous year, together with certain balance-sheet data. At three-monthly intervals the operating companies send in a forward projection to the end of the year based on the previous quarter and the year to date performance. The managing directors of the various subsidiaries can also get a phone call at any time from Alliance or one of his colleagues asking for a more detailed figure to be put on telex.

"We regard the figures as being primarily for the use of the companies themselves as an aid to running their operations, and the main head office role is to consolidate them. They do enable us, however, to spot very quickly when something is going wrong so that it can be sorted out," John Ashton, one of Vantona's directors, points out.

When this is necessary, head office provides fire-fighting support for the subsidiary concerned. Ashton himself is recently back from spending a few days attached to one group company where it had become obvious that trading profits were dropping even though production and sales were being maintained. The problem, Ashton points out, lay in the product mix; the subsidiary was trying to sell a lower-priced blended fibre product into a market which was ready to accept a higher-priced natural fibre product offering much better margins.

TECHNOLOGY

EDITED BY ALAN CANE

How doctors hope to take the pain away

BY DAVID FISHLOCK, SCIENCE EDITOR

Chronic pain can have a devastating effect on the efficiency of the human machine. Its cause can be obscure, even genetic in origin—a missing enzyme, for instance—so the patient is forced to live his life in unremitting pain.

In the last decade, however, the idea has developed of treating intractable pain itself, rather than the underlying cause. Doctors have begun to develop an armoury of physical and chemical techniques for interfering with the pathways of pain. They require considerable co-operation from patients to discover which works best.

At the forefront of research into intractable pain is what is claimed to be the world's first research institute devoted to the study of pain relief. The Pain Relief Foundation in Liverpool is the brainchild of Dr Sammy Lipton and his colleagues of the Pain Relief Centre at Walton Hospital.

With a £30,000 grant from the Wolfson Foundation, they have built a suite of temporary laboratories in the hospital grounds, to investigate more deeply the techniques introduced experimentally only during the 1970s.

Their "guinea pigs" have to be the patients themselves, drawn from the adjoining Pain Relief Centre of Walton Hospital, which has a worldwide reputation for treatment of pain. They also have ways of inducing an agonising pain in a healthy person as I discovered when a Walton research assistant invited me to lend her my body. She quickly induced what can only be described as a bad hangover in my right arm, distracting enough to bring conversation to a stop.

Addiction

By such means the researchers can get some measure of the patient's tolerance of pain (I rated poorly.) But they can also discover whether an induced pain interferes with chronic pain "drowns" it even, and thus whether it might be physical or chemical in origin.

Drugs are the most common way of relieving chronic pain. But they carry the serious side-effect of addiction. Dr Lipton, a consultant neuro-surgical anaesthetist, is frankly despondent at present about hopes of developing non-addictive narcotics. "It is a forlorn hope, I think."

But with Mr John Miles, a neuro-surgeon at the Walton, he has had a satisfying measure of success with two new electrical methods of intervention.

One puts electrical signals—"shocks"—into the skin, the other into the spinal column. A third, more complicated possibility is to put the signal straight into the brain.

Transcutaneous electrical neural stimulation (TENS) can be induced remarkably easily by passing a high-frequency current at low voltage through pads applied to the skin. The result is para-esthesia, a tingling sensation, akin to rubbing a pain, Dr Lipton says.

Phantom-limb pain is an inexplicable problem, the victims of which still suffer agonies from limbs which have been amputated, perhaps even though they were unconscious from the time of their accident and subsequent operation. Dr Lipton claims a high rate of success with dorsal column stimulation (DCS), in which an electrical transmitter induces a signal in a circuit implanted into the spinal cord.

The patient induces the signal as needed. In four of Walton's patients the need grew less with time. One even handed his transmitter back, saying he had beaten the pain. The current problem with DCS is cost—transmitters are imported — there is no British source—and cost about £1,600 each.

With the patient fully "wired," a technician adjusts the controls of the DCS machine

Most sophisticated of all is their technique for channelling the signals from such a transmitter straight into the brain (see photograph). It requires implanting three wires at precisely pinpointed places in the grey matter. "It involves a lot of mechanical and mathematical expertise," Mr Miles acknowledges. But, unlike pychosurgery, it is not destructive. If it fails, the wires are easily withdrawn.

Dr Ted Dervin of Salford University has developed a unique kind of connector for the neuro-surgeons. It consists of a fine wire of gold with an enamel coating and an end "rather like a fish-hook" that fixes itself firmly in the brain tissue.

Alcohol

But one new technique Dr Lipton is studying is unquestionably destructive. This is an Italian discovery that up to 2 ml of pure ethyl alcohol injected into the pituitary gland at the base of the skull can relieve intractable pain. "Why this works I do not know."

But what he has found is that as many as 42 per cent of his patients have been relieved of their pain altogether for months at a time, and another 30 per cent have been partly relived.

'Black boxes' for mobile radio users

PRINCIPAL AIM of a new company, Burndept-Cyfas, a subsidiary of Burndept Electronics, will be to provide "black boxes" which will enable organisations already operating mobile radio systems to send data at any time, in either direction, without interfering with normal voice transmission.

The data, sent at about seven characters/sec can be used for a variety of purposes including radio channel switching ("patching through"), location of vehicles and the general management of an organisation's resources.

Although parent company Burndept makes mobile radio equipment, the new subsidiary has been set up to deal with total systems only, with the emphasis on data, and points out that its techniques can be applied to any make of radio.

Basically, the equipment sends data on two audio frequencies within the speech band using frequency switched keying (a simple "on-off" code resembling Morse in which the two states are two different frequencies).

If the transmission takes place while speech is being sent, steep-sided spot frequency filters remove the data tones from the speech heard by the recipient. There is a small, barely noticeable loss of speech quality.

A "large UK motoring organisation" is about to make use of the Burndept-Cyfas system to improve its response to calls from motorists in distress. Calls coming in from stranded motorists on the telephone will be entered into a computer system together with decoded transmissions from patrolmen's radios that will give their location and availability. All will appear on display screens so that the optimum and fastest use can be made of the patrol force. The resulting database can be sorted by the base computer to give management data about accident type, utilisation of vehicles and similar information. Ultimately, it might be possible to make a search for the nearest suitable garage.

The company has also won an order from a big bus company in the Midlands involving the utilisation of some 3,000 mobiles and 500 hand-portables for data purposes. Bus location and its relationship to en-route inspectors is involved, and a pilot scheme is already in operation.

Indication or display at the two ends of the radio link can be provided to suit the customer and includes visual display units, wall maps and printers at base and, for example, a one line display in the vehicle on which the driver can receive simple statements or text sent by line.

The technology involved is primarily microprocessor-based and offers the expected advantages of flexibility through software approaches, ease of expansion and the ability to tailor the system to meet specific customer needs.

Burndept-Cyfas Systems is at Biggleswade, Beds., on 0767 312382.

..POINTERS..

VIRTUALLY ANY kind of system or equipment can be satisfactorily connected to earth using items from the new Thor range of equipment put on the market by BICC Components of Runcorn, Cheshire (09285 64211).

These components comply with the relevant British Standard Codes of Practice and are backed by BICC's service and technical services.

Most items are available ex-stock from the factory. They range from solid copper and copper-clad rods, fixed and extendable, to earth plates and inspection kits.

Bulk grease

CENTURY OILS states that its 20-ton capacity tanker provides an advance in bulk grease delivery efficiency and flexibility in that it has twice the carrying capacity of conventional vehicles and is able to make several jobs on each journey. Grease is pumped into the tanker's compartments at Stoke-on-Trent and a two-way valve allows the Seddon Atkinson 32-ton articulated unit to pump hydraulically from the same base point, transferring a 20-ton load in 90 minutes. More on 0782-29521.

Photosetting

GESTETNER, the office equipment specialist, is launching what it claims is a new generation of photosetting equipment today.

On show at the company's "American Week" exhibition at Gestetner House: 210 Euston Road, London NW1, the new range is called the Compugraphic Modular Composition System. The idea is that separate modules can be linked to give a range of configurations from simple to complex.

The system includes keyboard, choice of display terminals which interface with computers, word processors, printers, telephone modem and typesetters, and a dual disk drive. On the output side, the system includes a choice of three typesetters. More on 01-387 7021.

CNC milling

MATCHMAKER MACHINES of Kingston-upon-Thames, Surrey, is claiming a success with its CNC 700 Micro milling machine launched earlier this year.

According to Matchmaker's managing director, Mr B. J. Powell, 18 of the machines were sold within six weeks of the launch. The company is now developing a new, high production version of the 700 aimed at the production machine shop.

In its present form, the 700 is being used exclusively by tool and die makers. It has closed loop, d.c. axis drives, eight day memory protection, selectable, multi-page video display and fourth axis capacity for a CNC rotary table. The basic machine costs only £22,495; complete with a 24 station automatic tool changer, spindle speed control and power draw bar, it comes to £34,800. More on 01-549 9161.

Boilers

THE RISK of boiler failure—and even worse, boiler explosion—is reduced with a new system from Bestobell Mobrey which ensures regular and effective blowdown of the level control chambers and water leg connections.

The company points out that 16 people were injured in boiler explosions in the UK last year: nobody was killed, it says, but some of the injuries were severe.

The company says: "One of the commonest causes of boiler failure is a blockage of the water connection between the boiler shell and the float chamber.

"The water level inside the chamber, as a result, remains static—or can rise due to condensation effects—and is independent of the changing water level inside the boiler.

"If the boiler water level falls to a dangerously low level, the controls will not detect it and cannot cutout or lockout the burner."

The chief cause of the blockage—silt and sludge can be prevented by daily blowdown of the level control chamber and water leg and this is what the Mobrey Control is for. More on Slough 34646.

How to get 50% more from a machine tool

WITH TOOL COSTS at a premium, Sandvik's latest research on tool life should prove interesting to machine shops everywhere.

According to Sandvik, its tests show that the latest generation of the triple coated carbide insert material which it has been developing, can increase tool life by some 50 per cent over existing coated carbide grades.

Sandvik says: "Titanium carbide remains the primary coating. This provides a tough wear resistant layer that makes a firm bond with the tungsten carbide substrate.

"Over laid on this is aluminium oxide which imparts good chemical stability at high temperatures and resistance to abrasive wear."

The last layer is titanium nitride which help to minimise build-up at the cutting edge.

Sandvik will explain more about its new grade of insert material on 021-550 4700.

Manoeuvring a Left turn for the Labour Party

John Lloyd watches 800 radicals scheming the way ahead for politics and the unions

MR PETER HAIN, the enduring young radical of British politics, put the essence of the Labour Co-ordinating Committee's conference on trade unions most clearly.

He told the 800 delegates in Central Hall, London, on Saturday: "We are attempting something quite new. The Labour Left is saying that it is time for us to intervene directly in the trade union movement as Labour Party members, and not allow this division between the political and industrial wings in the movement to continue."

It was the clearest expression of purpose in a day of talk which was often high in both senses of the word on rhetoric and low on policy. This was the Bennite Left's formal entry into trade unionism: a coming together of activists to cross-fertilise and offer support and moral uplift.

Perhaps it was inevitable that there should be much revivalism in such a gathering—yet there was too a display of some solid achievement and of promise.

The most notable speeches were those by delegates representing the growing "broad Left" from within Right-led unions—Mr Phil Holt, from the Post Office Engineers; Mr Tony Williams, from the National Union of Railwaymen; Mr John Fahy, from the Union of Shop, Distributive and Allied Workers; and Mr Sandy McPherson, from the Electrical and Plumbing Trades Union.

Mr Holt, who had the status of a platform speaker, told the conference that the Post Office union's broad Left had increased the Left representation on its executive from one to nine in just four years; its task now was to broaden the base and take radical policies to the ordinary members.

Mr Williams declared that the NUR "is no longer a Right-wing union," and poked fun at Mr Sid Weighell, his general secretary. Mr McPherson recounted the history of his Central London branch, suspended by the union's executive for refusing to endorse one of its members for a seat on a South London Labour Party management committee; and Mr Fahy warned against the influence of the Trade Unions for Labour Victory and of the TUC/Labour Party liaison committee's "back-door attempts" to bring in incomes policy.

Each one — especially Mr Holt — appeared self-assured, determined and confident of future successes. All were in implicit agreement with Mr Bernard Dix, the retiring assistant general secretary of the Left-led National Union of Public Employees who, drawing on a long and often isolated sojourn on the Left, told the delegates that "the opportunities for us to politicise the trade unions have never been greater since the war."

Politicisation of the unions — that is, turning them to the Left — has been the grail of the far Left parties for decades: it has been the central and consistent strategy of the Communist Party, which has dourly dug that ember into the Labour movement and blown upon it through many a cold season. Now it is flaring up under the shelter of Labour's Left, the growing and assertive power within the party.

Mr Benn delivered a disembodied benison from his convalescence. It was cannily unspecific about the building of broad Lefts in the trade unions, concentrating instead on warnings of an increasingly authoritarian state whose mailed fist was manifest in a policy of "transforming the police into temporary armies of occupation in the areas where trouble has occurred."

Mr Benn's rhetorical example was more than matched by that of Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers and Left candidate for his union's presidency. For him, the "rotten capitalist system" was the root cause of the riots: we were "on the verge of a totalitarian society."

Labour had to dedicate itself to a radical socialist programme — large-scale nationalisation without compensation (including the media), withdrawal from the EEC, immediate nuclear disarmament and import controls.

Mr Scargill received almost the largest applause of the conference. It was capped only by a standing ovation given to Mr Mick Martin, an engineering union's delegate from Hammersmith, who gave a speech largely in favour of the Provisional IRA (though a number of delegates did sit on their hands).

In this and other interventions from the floor — for example, one from a representative of a homosexual group — the conference revealed the uneasy, fissiparous coalition which marks the pro-Benn faction, a liaison of convenience between the parties and pressure groups still outside or recently inside the Labour Party, and the longer serving Leftists in the movement who see hard work paying off at last.

Mr Benn is to the Right of many of them: the caveat in his speech that he did not condone violence was loudly hissed. Is this coalition — and here is the critical question for its leadership — capable of a determined putsch within the unions?

It does have some able cadres. Mr. Holt is clearly one: Mr Jack Dromey, a transport union official and chairman of the south-east region of the TUC, who chaired the conference, is even more clearly another.

Both Mr Dromey and Mr Hain showed a capacity for critical thought that was otherwise generally lacking.

Mr Hain, in the day's most thoughtful contribution, said that the Left could capture both the leadership of the Labour Party and the unions and still lose the rank and file. "We want to guard against Left victories in a vacuum," he said.

The next months will show if the vacuum can be filled. The conference got the Labour Co-ordinating committee a mailing list and many contacts. A journal, Trade Union Activist, is to be founded and a more selective conference to be arranged later in the year.

The Left's autumn offensive has been planned. Will the Right-Centre generals on the industrial wing cede as much ground as rapidly as their party party comrades?

Benefit office staff plan protest strike

BY PHILIP BASSETT, LABOUR STAFF

UNOFFICIAL industrial action in the Civil Service is likely today as divisions develop among the Civil Service unions over the Government's improved pay offer. Union Left-wingers are preparing to mount a campaign against acceptance.

The outline return-to-work agreement drawn up by the Government and the unions if the offer is accepted commits the Council of Civil Service Unions to discourage unofficial action.

The first bout of it, however, is expected in the sensitive benefit-payment service: staff at the unemployment benefit office in Wembley, north London, are planning to take unofficial action today in protest at the union executive's neutral response to the suggested settlement.

The Government's offer is a 7½ per cent rise together with arbitration for next year's deal. The tabling of the offer was conditional on action ending.

Other benefit offices may follow suit. Benefit staff are particularly concerned at what they see as the effective end of the strike campaign, since they feel the slight improvement in the offer only came as a result of the action hitting unemployment benefits.

The one union recommending a rejection of the offer, the Society of Civil and Public Servants, is ready to give strike pay to any of its members in the benefit service who are suspended, though some union leaders feel this is an empty promise.

Left-wingers in the unions, and in particular the Civil and Public Services' Association, intend to defy union decisions to put the offer out to members without recommendation.

Left-wing members of the CPSA executive, split 18-10 in favour of the Right, will campaign for the offer to be rejected.

The position of the final major union, the Civil Service Union, will also not be clear until tomorrow, when its executive meets on the offer.

Unions 'will not be wiped out'

THE GOVERNMENT was warned yesterday that trade unions will not stand by and allow their movement to be wiped out.

Mr John Hose, president of the Farmworkers' Union, told the annual Tolpuddle rally in Dorset: "There are still those who see trade unionism as sheer perversion. They would wipe it out if they could, by violence if needs be, or by the quieter usage of instruments of the power of the law.

"There are those who profess to see no necessity for trade unions, asserting that the benign authority of the state or the enlightened self-interest of the employers will ensure the golden millenium for all workers.

"But these last few days have given the lie to such bland prescriptions for the future happiness of working people."

As the Enclosure Acts 150 years ago took away the last chance of economic freedom for the farmworkers of the day, so the various acts of this perfidious government deprive us of publicly owned resources.

Chemical pay talks hope recedes

PROSPECTS OF a return to national pay negotiations in the chemicals industry appeared to recede further this weekend after a union attack on employers' representatives for presenting "misleading" information on local deals made since the breakdown of national talks.

The General and Municipal Workers' Union claimed that the Chemical Industries Association gave "a totally inaccurate picture of the level of pay settlements" in stating to companies that local settlements were being made at 7.3 per cent or less.

Mr David Warburton, national industrial officer of the union, said that of 40 GMWU deals since the breakdown of national negotiations last May, he could "count on one hand" the number which complied with the employers' 7.3 per cent, £70.80 minimum.

The union says that 34 of the deals are higher, giving an average increase of between 8.5 and 10 per cent.

The Chemical Industries Association said that it had monitored 45 settlements covering 8,000 workers in the period, and that the average increase worked out at 7.4 per cent.

Fresh attempt today to end Liverpool docks deadlock

FINANCIAL TIMES REPORTER

A FURTHER ATTEMPT will be made in Liverpool this morning to resolve the three-month deadlock in settling the annual pay claim for the 3,500 dockers on the Mersey. The joint port organisation negotiating committee will be meeting for the first time for three weeks.

Following the settlement of the Southampton dockers' claim on Friday, Liverpool is the only British port outstanding.

The 12-member Port Employers' Association, which issued the invitation, will meet a similar number of negotiators from the Transport and General Workers' Union.

So far, they have failed to reach a peace formula in 10 such meetings, and both sides still seem set on their original proposals, although the employers have improved their cash offer.

They remain insistent, however, that any award must be backdated by changes in working practices if the loss-making port is to survive its present economic crisis.

The union side was mandated as recently as last week by the shop stewards not to budge from their claim for an unconditional increase without strings.

Meanwhile, unless a settlement is reached quickly, Mr James Fitzpatrick, chief executive of the Mersey Docks and Harbour Company and chairman of the Port Employers, has said some changes could be introduced unilaterally.

The shop stewards have said that, unless there is a settlement, there could be a seventh one-day protest cargo-handling strike this week, coinciding with a mass-meeting of the men.

LOMBARD

BY SAMUEL BRITTAN

Flair is sadly lacking now

MOST PEOPLE would agree that some combination of sympathy, imagination and firmness is required to govern Britain at this particular time. But exactly how should these qualities be expressed and combined with each other?

There is no formula answer to such questions. The quality required, but so badly missing, is that of flair. It is a quality easier to recognise than to define. Roughly speaking, it is the personal ingredient a statesman brings to affairs over and above the conventional intellectual analysis of policy options. Such flair is badly missing now.

One of the most memorable examples of flair which I am just old enough to remember was Winston Churchill's speech of May 11 1953. Stalin had just died and the new Soviet leadership under Malenkov was feeling its way, uncertain where to go. The old British warrior, who had been a leader of Lloyd George's anti-Soviet intervention, who had spent much of his life warning about Communism and who had invented the term "Iron Curtain," saw that here was a possible opportunity to embark on a new and more promising international route. He proposed a summit at which Western leaders would combine firmness with understanding of genuine Soviet fears.

Malenkov

No-one knows whether the effort would have succeeded. It was never tried. Within a few weeks Churchill had had a severe stroke, lesser men took over the reins of Government in London, the summit was never held, Malenkov was exiled to run a power station: and the Cold War resumed its course.

The next Prime Minister to exhibit flair was, of course, Harold Macmillan. His flair was exhibited in foreign affairs, but also in party politics which he gave a show of managing with effortless disdain. He showed no such flair in domestic policy.

The Conservative leader who came nearest to showing flair in economics was "Rab" Butler, who was Chancellor from 1951 to 1955. Butler presided over the nearest thing to a non-inflationary peacetime boom the UK has seen. His 1952 Budget, which was felt as interesting and exciting, although it made no net change in the tax burden, was a model which no successor has succeeded in copying. "Restriction and austerity are not enough," he said. "We want a system which offers both more realism and more hope."

Alas, Butler's flair was mainly of the short-term variety. When "Operation Robot" was suggested, which offered sterling convertibility at a floating rate of exchange and monetary policy as a domestic regulator, Butler was outmanoeuvred by Cherwell and Salter who talked Churchill out of it. Had "Robot" been applied in that more propitious era (when 400,000 unemployed was thought to be high) subsequent history might have been very different.

After the retirement of Macmillan, such flair as we have seen has been in the Labour Party. The most recent example was James Callaghan, who showed qualities as Prime Minister which he had not exhibited in any lesser office—thus disproving that flair is an innate quality revealed early in life. Callaghan's loss of touch in 1979, the "winter of discontent," was not an accidental misfortune, but the result of his deep-seated aversion to governing against rather than with the unions.

Jenkins' chance

A degree of economic flair was shown both by Roy Jenkins and Denis Healey in their periods as Chancellor. Despite much stumbling they both somehow sensed what to do when the rules of their advisers were crumbling around them and they could not claim to have made an intellectual synthesis of Keynes, Friedman, *et al.* I do not think anyone can pretend that Healey has shown any such flair on the wider political scene: but Jenkins will now have a chance to show what he can do.

There is no flair at the top of the present Government. The one person who might one day acquire it is Margaret Thatcher herself. But she has not yet found a way of losing the "CS gas and water cannon" image without abandoning vital principles. Flying visits and personal appearances are better than nothing, but only a substitute for the flair which may or may not one day appear.

As for the other top Ministers, one can be more dogmatic. There is no danger of their showing any flair and they would run a mile from anyone who showed any danger of developing it.

Sovereign immunity persists despite Lords' ruling

THE WEEK IN THE COURTS

BY JUSTINIAN

UNTIL 1975 England, almost alone of influential trading nations, continued doggedly to adhere to an absolutist position with regard to commercial transactions entered into by governments or departments of government.

It maintained rigorously the doctrine of complete State immunity from suit in the English courts, a rule derived ultimately from international law that recognised the special status of foreign sovereigns.

In that year the courts began tentatively to adopt the approach of deciding, in accordance with the policy of a "restrictive" doctrine of sovereign immunity, how the boundary was to be drawn in international law between the acts of a sovereign state that remain entitled to the immunity and those that were not.

The impressive judgment of Lord Wilberforce (endorsed or echoed by the other four Law Lords) in *Owners of Cargo lately laden on board the ship or vessel "Marble Islands" v Owners of the ship or vessel "I Congreso del Partido"** has declared that we are no longer the odd-man-out among nations, and has thereby brought English law into line.

But the practical, though not the theoretical, importance of the Lords' judgment is diminished by the coming into force in November 1978 of the State Immunity Act 1978, after the occurrence of the events on which the claims against the Government of Cuba as the owners of *I Congreso del Partido* was based. Since the 1978 Act was not retrospective, the House of Lords had to apply the pre-statute law.

In the 19th and for most of the 20th century the absolute rule prevailed, whereby foreign states and sovereigns were accorded immunity from suit for all their activities, whether governmental or commercial.

But the increase in state trading, due in part to the nationalising legislation of States, led a number of capitalist countries to draw a distinction between purely State acts and acts of a commercial nature. The latter were regarded as outside the protectiveness of the immunity doctrine.

The State Immunity Act 1978 affirms the basic rule, but then goes on to lay down a number of exceptions to the immunity of a foreign State; it does not confer on the English courts a jurisdiction which they would not otherwise possess. And it expressly provides that the method of service on foreign States does not affect any existing rules whereby the court's permission is required for the service of process outside the jurisdiction of the English courts.

If the sovereign State does not voluntarily submit to the jurisdiction of the courts, the claimant must bring his case within the rules for service.

The immunity from suit continues to apply to any foreign State or Commonwealth country other than the United Kingdom, and it applies not only to the State itself but also to the sovereign of the State in his public capacity, to the government of the State and to any department of its government.

A separate entity, which is distinct from the executive organs of the government of the State and is capable of being sued or of suing, is entitled to immunity *only* if the proceedings relate to anything done by it in exercise of sovereign authority *and* the circumstances are such that a State would have been immune.

A separate entity which is not owned or controlled by the State is, of course, not capable of acting in the exercise of sovereign authority; it is outside the scope of any immunity.

If a sovereign State voluntarily assumes a purely private law obligation it cannot, when that obligation is sought to be enforced against it, claim sovereign immunity on the ground that the reason for assuming the obligation was of a sovereign character.

Supposing Ruritania orders uniforms for its army from an English supplier. When sued for the price in the English courts, it cannot claim immunity on the ground that the maintenance of its army is a sovereign function.

But second, supposing that, having assumed a private law obligation, Ruritania justifies a breach of its contractual obligations on the ground that the reason for the breach was of a sovereign or governmental character.

If, having ordered the uniforms for its army, it repudiated the contract on the ground that since placing the order, a government of a new political complexion had decided as a matter of policy to disband its army, no immunity could be claimed.

The immunity protects a foreign State not only in direct proceedings against it but also in indirect proceedings against property which is in its possession or control, or in which it claims an interest; a classsic instance is a bank account.

A central bank or other monetary authority is accorded special treatment under the Act. If the bank is not distinct from the executive organs of the State and not capable of suing or being sued, then it is regarded on precisely the same footing as the State itself.

But if (as is more likely to be the case) it is a separate entity, it will differ from other separate entities. Even if the central bank or other monetary authority is not entitled to immunity from suit because it is trading, its property is nevertheless immune from execution. Moreover, its property is not regarded as in use or intended for use for commercial purposes; in practice, therefore, the property of the State's central bank will be liable only to process of execution if it has expressly waived its immunity from execution; that waiver may be given by the head of a State's diplomatic mission in the UK.

Sovereign immunity thus persists but in an attenuated form. The distinction between sovereign acts and acts of a commercial nature will depend upon the nature of the acts and the legal relationships that result from them.

When a government enters the market place seeking customers, it strips itself of its sovereign character to that extent, and takes on the character of a trader. But that is not to say that "once a trader always a trader." That is too simplistic an approach.

Lord Wilberforce has explained what the courts will have to investigate. "If a trader is always a trader, a State remains a State and is capable at any time of acts of sovereignty.

"The question arises, therefore, what is the position where the act upon which the claim is founded is quite outside the commercial, or private law, activity in which the State has engaged?"

The "restrictive" doctrine of sovereign immunity does not deny the capability of the State to resort to sovereign or governmental action; it merely asserts that acts done within the trading or commercial activity are not immune.

The inquiry of the courts still, therefore, has to be made whether the acts are within or without that commercial or trading activity.

The difficulty will always be that the activities of governments cannot readily be compartmentalised into trading or governmental activities. Often the circumstances will disclose a hybrid situation—part commercial interest and part governmental interest.

Once the absolutist approach to sovereign immunity has been abandoned, the opportunities for litigation flourish. But the cost of employing lawyers is the price for a rational approach to the commercial activities of governments.

* *Times Law Report, July 16, 1981.*

Halsbury set for fourth win

RACING

BY DOMINIC WIGAN

PETER WALWYN and Joe Mercer, for whom the Princess Wales Stakes at Newmarket offered a welcome respite from what has been a forgettable season for the partnership, have a solid ally in Halsbury.

This afternoon at Ayr the tough Exbury colt, a winner three times already this term, can assist their fortunes further with a win in the £13,000 added Tennant Trophy.

Halsbury, who looked no more than a respectable handicapper in the making when following up a minor success at Wolverhampton with a Thirsk victory over Uppety in May, showed himself a potentially smart stayer through his running at the Royal Meeting.

It was only approaching the *distance in the Queen's Vase at* Ascot that Halsbury had to admit defeat against Ore, Protection Racket, Krug and Popsi's Joy.

The Seven Barrows stayer, who has since gained a surprisingly hard-fought victory over Legal Gamble, to whom he was conceding 4 lbs in Chepstow's South West Racing Club Stakes, has eight rivals in the mile and seven furlongs test. All will have their supporters.

One clearly worth considering is the John Winter-trained John O'Groats. Mr Dan Prenn's 1980 winner of Royal Ascot's King George V Handicap ran his best race in a long while at Haydock 16 days ago.

Staying on better than most in the Lancashire course's Old Newton Cup, the Newmarket four-year-old failed only narrowly to secure second place from Lafontaine behind Dogberry, the easy winner.

Barry Hills has well-fancied runners at both Ayr and Wolverhampton this afternoon and at Windsor in the evening. Wild Princess is well fancied to get him off the mark in the Tam O'Shanter Stakes at Ayr.

She may well do so, but I have slight preference for Sign Dancer, the juvenile Gavin Hunter representative, a good third behind Woodcutter and Harris Tweed at Haydock on Old Newton Cup day.

Later in the afternoon Needs Supporting, the Hills filly, looks the likely answer to the Turnberry Handicap. At the Midlands track D'Lo, Blaskette's ever-improving son, has claims second to none in the Dunstall Derby.

AYR

2.30—Sign Dancer
4.00—Halsbury
4.30—Needs Supporting**
5.00—Auction Bridge

WOLVERHAMPTON

3.15—D'Lo***
3.45—Dageeeah*
4.45—Miss Worth

TV/Radio

✣ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.55 Cricket: Third Test. 1.07 Regional News (except London). 1.10 pm News. 1.25 Bod. 1.40 Cricket: Third Test. 4.18 Regional News (except London). 4.20 Play School. 4.45 Jana of the Jungle. 5.05 Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Regional News Magazines and Nationwide.
6.20 Nationwide.
6.55 Ask the Family.
7.20 Blake's Seven.
8.15 Panorama: Polish politics.
9.00 News.
9.25 Royal International Horse Show.
10.35 Film: "Visions of Death" starring Telly Savalas.
11.50-11.55 Headlines.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—1.25-1.40 pm Dan Draed. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25 *Clwyd for the Royal Welsh*—a tour of Clwyd, sponsoring county of the 1981 Royal Welsh Agricultural Show, at the Denbigh home of Gwyn Hughes, president for the year. 7.45-8.15 Top Dog — International Sheepdog Trials. 11.50 News and Weather.

Scotland — 9.50 am Wombles. 9.55 Jackanory. 10.10 Champion the Wonder Horse. 10.35 Take Hart. 1.05-1.10 pm Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News and Weather.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather.

England—5.55-6.20 Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.55 pm Cricket: Third Test.
6.30 Open University.
6.55 Six Fifty-five Special.
7.25 Return Call to Brass Tacks.
7.30 News.
7.40 Under the Weather.
8.05 Secret Army.
9.00 Sing Country.
9.50 Brass Tacks.
10.35 They're Playing My Tune.
10.45 Newsnight.
11.30 Cricket: Third Test.

LONDON

9.30 am Cartoon. 9.40 Search for the Persian Royal Road. 10.30 Red Alert—North Sea oil-well safety. 11.20 Cartoon. 11.35 Razzmatazz. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. Home and Design. 1.00 News and FT Index. 1.20 Thames News. 1.30 Diana Dors Show. 2.00 Riordans. ✣2.30 Film: "Storm in a Teacup." Vivien Leigh, Rex Harrison, Cecil Parker. 4.15 Bugs Bunny. 4.20 Now for Nookie. 4.45 Scarf Jack. 5.15 *History of the Motor Car.*

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Krypton Factor.
7.30 Coronation Street.
8.00 Sorry, I'm a Stranger Here Myself.
8.30 World in Action.
9.00 Quincy.
10.00 News, Thames News.
10.30 Hammer House of Horror.
11.30 Great Fights of the Seventies.
12.23 am Sit Up and Listen.

ANGLIA

10.55 Stingray. 11.20 Pro-Celebrity Snooker. 1.20 pm Anglia News. 2.00 Film: "Operation Crossbow." George Peppard, Tom Courtenay, Sophia Loren, Trevor Howard. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 10.30 Anglia Reports. 11.00 Motor Cycle News. 11.30 Hammer House of Horror. 12.30 am Reflection.

ATV

9.40 am Pas de Deux. 9.55 Profile: Jacqueline Bisset. 10.20 Horse Sense and Road Safety. 10.45 Target Bowls. ...

1.30-2.00 Hamdden. 4.45-5.15 Ser. 6.00-6.25 Y Dydd 6.25-7.00 Report Wales. 10.30-11.00 The Questors. 11.00-11.30 South Wales Echo Snooker Tournament.

SCOTTISH

9.55 am Alphabet. 10.20 Adventure Time. 10.30 England Their England. 10.56 The Lost Islands. 11.20 Celebrity ...

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

RADIO 4

BBC Radio London

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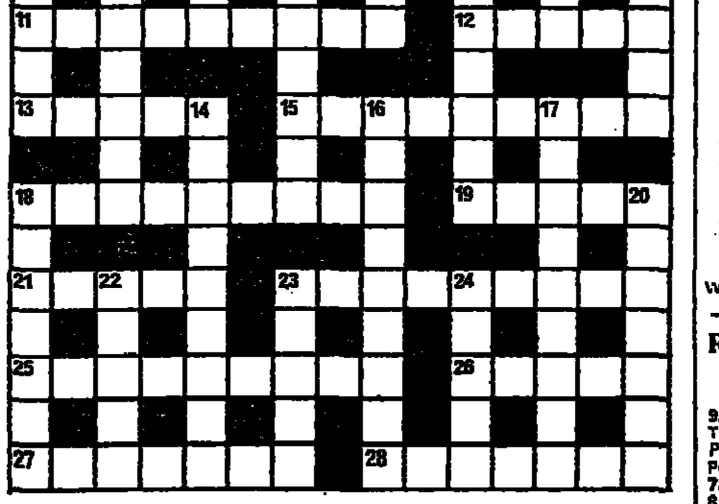


ACROSS

1 Presents itself an invitation to eat (5, 2)
5 Officer—it's a complaint (7)
9 Boss may have two feet (5)
10 Cockney's headgear invites retaliation (3, 3, 3)
11 Title of 6's region (9)
12 Class a missile (5)
13 Where some Welsh live down under (5)
15 Pop round with piano taken up and valued (9)
18 Common before Virginia advanced (9)
19 Multi-coloured outside left practised (5)
21 Pound and a quarter at the minimum (5)
23 Second children's plaything to relapse (9)
25 Speed spoiled right fuss made by ruffian (9)
26 Adore going second-class on the French boat (5)
27 Final retribution is seen to involve about 1000 (7)
28 Woolly sounding poet (7)

DOWN

1 Moving house? (7)
2 Squeezes every penny out of fish drink (4, 5)
3 In this way rob another kind of rubber (5)
4 9 drug Cockney layer going to gallery (9)
5 Bill upset your old-fashioned girl (5)
6 Speed appearance by musical instrument (4, 5)
7 Tax birdman (5)
8 Determined to be established (7)
14 . . . Without feeling non-suited (9)
16 Explain how to vote (3, 6)
17 Odds on frigidity having a certain piquancy (9)
18 Friend has a row with knight-errant (7)
20 Back-stage attendant giving first-aid (7)
22 Mums sex-appeal turns up in India (5)
23 Some orchestral players making money (5)
24 South African car firm on point of producing fur (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Albert Hall/Radio 3

Opening of the Proms

by MAX LOPPERT

Gennady Rozhdestvensky and the BBC Symphony Orchestra opened the 1981 Promenade Concerts on Friday. (A full Prom season is in prospect, with no serious dispute to mar its course or truncate its length.) Rozhdestvensky, no longer the orchestra's chief conductor, still undertakes the major share of its Proms; so a farewell salute to his work can be delayed awhile. This concert, a programme of Britten and Stravinsky, spring and rebirth, found the audience less numerous than at almost any opening I can remember; and, in fact, found the orchestra (and the BBC Chorus and Singers, who appeared in the first half) somewhat easygoing in their performance. Though there were many good things to be enjoyed, it was not one of those Rozhdestvensky concerts that inspire boundless enthusiasm.

To open (after the Britten National Anthem arrangement) with the tiny Stravinsky cantata *Roi des étoiles* was an act of faith in the attentiveness of the Prom audience that demanded the most precise and polished kind of musical execution for its justification. Because the male-voice ensemble was loose, and the orchestral writing haphazardly interwoven with the vocal, the magic of this mysteriously solemn and beautiful piece was left uncommunicated.

For the Britten *Spring Symphony*, which followed, playing and choral singing were more finely tempered, and the soloists were capable (Elddwen Harrhy, Linda Finnie, Robert Tear). Yet one felt a lack of forward movement, of energy and impulse, in the music — not just a matter of slower-than-usual tempos, which Rozhdestvensky has eloquently sustained in past accounts of the work. There were plenty of delights (among them an elegantly cool vibraphone and a nimbly tripping first flute) and curiosities (a very broad and boozy cowhorn) to be appreciated; the sweep of Britten's design was not so surely invoked.

Rozhdestvensky elicits; he never drives. That is the special fascination of his *Rite of Spring* reading: where other virtuoso conductors clip and punch the rhythms, drill and slam home the attack, one feels the BBC players being encouraged to colour and mould their lines, to stay alert each moment, to listen and respond to each other even through the wildest and heaviest hubbub. It is a poetic and very particular kind of Stravinsky interpretation; the danger is that faults and cracks in the sonorities will stand out more readily — as they did, in unexpected ways and moments, above all in the final dance.

Covent Garden

Royal Ballet School

by CLEMENT CRISP

The Royal Ballet School's annual Opera House matinée on Saturday afternoon brought our young hopefuls zipping through *La Fille mal Gardée*, with a selection of folk-dances from the Lower School for hors d'oeuvre. As ever, the juniors were all liveliness, quick feet and charm. Though I think the music insufferable—there must be better arrangements, surely—the energy and enthusiasm of the White Lodge children is a delight. Especially clear and bright this year were the boys in a reel and a Morris, and great admiration for the shining speed and precision of Sara Gallie, Lisa Harman and Kevin O'Hare in a sequence of Irish jigs. The aptness of folk-dance training for the balletic repertory was never clearer than in the rapping sticks of a Morris, which featured again in the harvest boys' dance in *Fille's* second act, and in the sound of Widow Simone's clog-dance music when three very limber chaps clacked merrily away in a display of Durham clog-steps.

About the choice of *Fille* as a work for students I have certain reservations. It requires two strong virtuoso dancers, but offers no chance for any other soloists to show their mettle. The corps de ballet work is attractive and demanding—and was excellently done — but I would like to think that there are more dancers in the school worth displaying than just the fresh trio of Sandra Madgwick and Bruce Sansom, the Lise and Colas, and Simon Rice as Alain.

Miss Madgwick looks a born soubrette. She is blonde, pretty, tiny, with a flash and bounce to her dancing, all of which suggest something of the qualities of Lydia Lopokova. She has speed—a tripping, quick way with the bourrée steps in Lise's first solo—and a darting lightness, and in the second act, when a certain nervousness probably about the big pas de deux) had eased, she played the role with great sweetness. She had the advantage of Ronald Emblen's Simone—what a pleasure and a relief to see this lively interpretation once again—and was in no way overshadowed by his comic resource. That there is something more to her dancing, a greater potential, was hinted briefly in her last act solo when, in a sequence of quick jumps, she seemed absolutely a creature of the air. I think she needs to find a more flattering style of shoe, but this is a talent to watch.

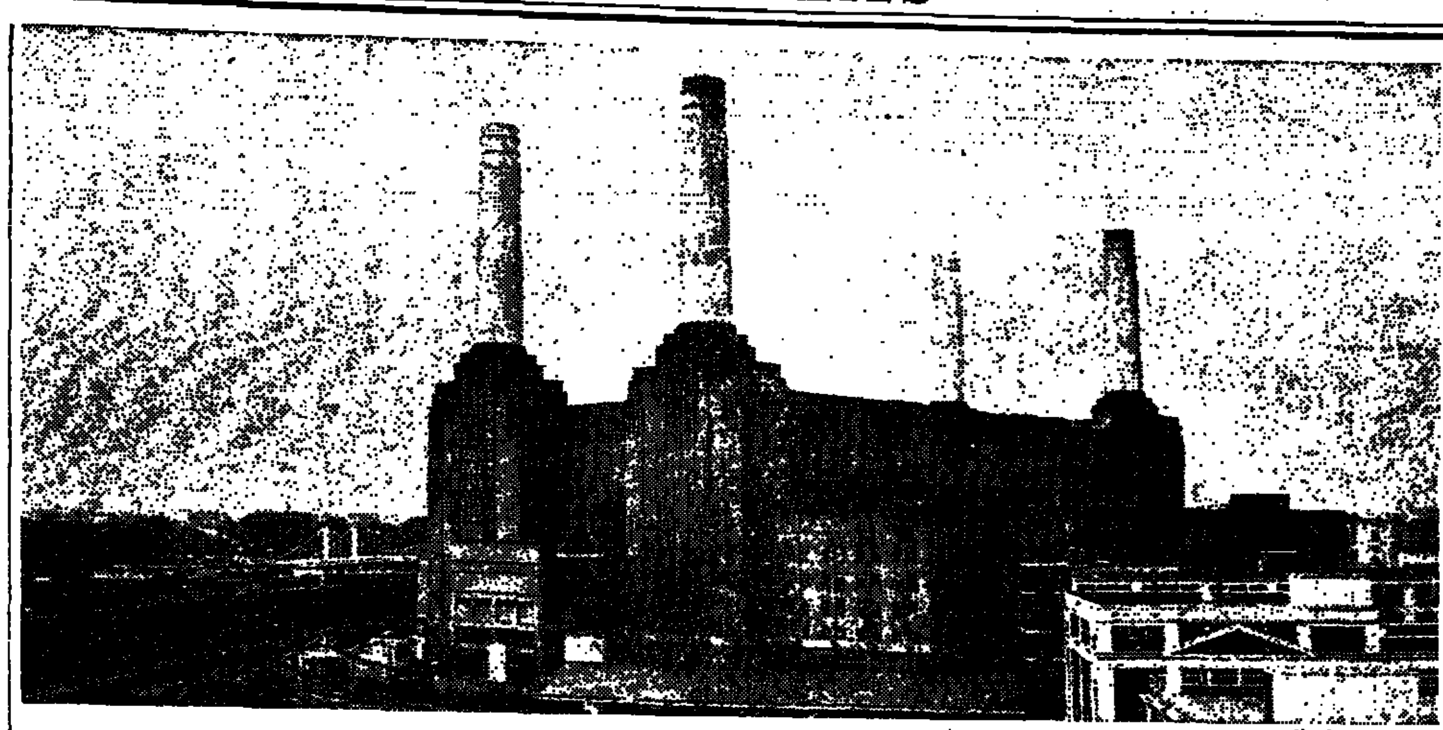
Colas is a demi-caractère role, and I suspect that Bruce Sansom is a classic premier in the making—he has the line and elegance for that style. He is plainly very young, and looks even younger, and his physique is not yet suited to the resilient muscularity of the writing for Colas. That he made so pleasing a first shot is a credit to his willingness to try, not least in partnering; but it will be worth waiting a couple of years to see what he can make of a true *danseur noble* part.

For the beaming dimwittedness of Alain, Simon Rice provided exactly the right gentleness of temperament, and an irresistible grin. Done with boyish exuberance, the role is *entirely sympathetic*: Alain seemed more winning, and more believable, than he has for years, comic artifice underplayed in favour of genuine bemusement at the world.

And from all the young dancers, that disciplined liveliness which makes the School matinée so attractive. Anyone wishing to see these young dancers should visit Sadler's *Wells* this week, where *Fille*, folk dancing and *Les Patineurs* are variously on display.

King's Lynn Festival

A work for brass ensemble by Gordon Crosse, commissioned by the King's Lynn Festival to celebrate the Royal Wedding, receives its first performance on July 29 by the Philip Jones Brass Ensemble at St Nicholas Chapel in King's Lynn. The festival has new artistic directors in Dame Janet Baker and Sir Keith Falkner, and opens on July 24



Giles Gilbert Scott's masterpiece: London's Battersea power station could become a Mecca for sport. *Hugh Routledge*

Architecture

More power for Battersea

by COLIN AMERY

Not so long ago the new president of the Royal Institute of British Architects, Mr Owen Luder, described conservation as a form of "unhealthy nostalgia."

Of course he was talking at the time to architects, who often like to pretend that the only good architecture is new architecture. The general run of folk probably wouldn't agree with this view. We all like the familiar and the old, and yet there is something inside us that would also like to feel that new meant better. I certainly feel that it is tantamount to philistinism to appreciate only the old — but without the old, where are the standards for the understanding of the new?

The president of the RIBA should think a little before he continues his blanket dismissal of conservation. The conservationists have changed in the last few years. They are no longer half-crazed reactionaries who dress up like William Morris (although there are a few left like that and they should be listed at once); nor are they all over 70 and from the shires. Today the conservation movement is pragmatic and much more practical.

Take a recent report by Save Britain's Heritage called *The Colossus of Battersea*, which envisages a new use for Battersea Power Station. The report has been prepared by architect Martin Richardson and it covers a range of possible uses for the building, which will soon end its life as a power station and was listed as a building of historic interest only last year.

Battersea is a building with a lot of friends. Back in 1939, a survey found it to be the second best-loved modern building in Britain (the first was the Peter Jones department store). Designed by Giles Gilbert Scott, the building still resembles an upturned giant table with four fine fluted columnar chimneys. *The scale of Battersea is almost* sublime and Scott's jazzy treatment of acres of industrial brick was so successful that he repeats it on a smaller scale at Bankside, with stirring results.

The public like Battersea. It is still fondly thought of as a cathedral of power, and Save's timely proposals for new uses for the building are well worth looking at.

Leisure is the key activity for the newly-arranged building, which contains 25m cu ft of space. As the centrepiece, a large indoor arena is proposed for the upper section of the centre block which now houses the giant boiler house. The arena would be big enough to house an indoor four-lane running track, seat 8,000 people, and give London the Madison Square Garden it has always lacked.

There is ample room below this arena to house a big ice skating rink, and if roller-disco remains in vogue there will be room for that, too.

The two giant turbine halls offer grand and exciting spaces for exhibitions and display, and this report suggests that some of the larger engineering exhibits from the Science Museum could easily be accommodated here. One of the giant halls, it is proposed, could house three multi-purpose sports halls.

The report does not ignore the riverside potential of the site. It urges the extension of the riverside walk from Battersea Park under the road and railway bridge to the eastern end of the power station site. On the river side, a large series of indoor swimming pools is planned in a new building, and the rest of the land between the power station and the river will be a landscaped public garden leading to a jetty. To the west of the building is a big area of land which the report suggests should be used for shopping and a market. To complement the leisure uses for the bulk of the site housing, a hotel and some offices are also proposed in new buildings on the perimeter of the site.

Save argues that it would be cheaper to re-use the power station than to demolish it (estimates to demolish just one of the great chimneys have come to £500,000). The site is 15 acres and the new uses would provide about a million square feet of space.

Now is the time for Mr Luder and Save to talk to each other, and demonstrate that this kind of conservation is a practical way of enlivening a part of South London that badly needs such facilities. Mr Luder should be busy looking for developers and patrons who could fund a project that will investigate further the feasibility of Save's plans.

* * *

More practical conservation news. This year the Architectural Heritage Fund reached the £1m mark with the payment of the government's last instalment of money to match, on a £-for-£ basis, contributions from the private sector.

The fund lends at a low interest rate to charitable trusts and building preservation trusts for the repair and restoration of old buildings. Projects that have benefited from these loans range from the restoration of the railway cottages in Derby to a Sunday School house in Colyton, Devon. The Heritage Fund is administered by the Civic Trust and it demonstrates again the simple principle of the revolving fund.

Conservationist practicality again: Mr Luder should come down from his concrete tower to see how healthy nostalgia can be.

Warehouse

The Forest

by MICHAEL COVENEY

It is not three months since the RSC unveiled Adrian Noble's fine production of Ostrovsky's play, but its arrival in London confirms two first impressions. This rich, evocative and continuously surprising pieces is a satirical classic fit to be set alongside Gogol's *The Government Inspector* (like that play it was a stalwart of Meyerhold's repertoire of the mid-1920s); and it proves not only a good company choice, with good parts for everyone, but also a superb vehicle for the comic histrionic talent of Alan Howard.

Howard plays Gennady "Neschastlivtsev" (meaning "Unlucky"), a provincial tragic actor seeking respite from years of foot-slogging on the country estate of his widowed aunt. In the forest, he has met up with Arkady "Schastlivtsev" ("Lucky"), a tattered clown lately reduced to occupying the prompt corner. The central joy of the production is Howard's double act with Richard Pasco. Consciously modelled on Don Quixote and Sancho Panza, the couple run into a series of *domestic trials and tribulations* that are too exaggerated for mere fiction.

It is this jostling of a fictional reality with the protagonists' heightened responses that *sparks off Gennady's heroism*. He finds his tragic actress in the shape of a peasant girl (Janine Duvitski), his aunt's ward, who throws herself in the river for the love of a timber *merchant's son. Gennady himself* has been done out of his just inheritance by his aunt's rapaciousness, but having raided her money-box with a violent flourish, he pays off the *required dowry*, insults the petit-bourgeois distaste for the acting profession by launching into a tirade from Schiller's *The Robbers*, and takes once more to the road.

The performance is at once heroically absurd and deeply moving. Howard utilises that dangerous myopic squint to great effect and it is particularly powerful when his innate generosity of spirit breaks through the studied routine of extravagant gesture. He is not, though, the only one acting his head off. Even if I now find Barbara Leigh-Hunt's aunt unnecessarily over-emphatic, she does maintain her ravenous humour in grand style. I just feel there is probably a lot more to the part than she reveals, especially in the ruthless sexual pursuit of Paul Whitworth's young, empty-headed student.

The Warehouse is more claustrophobic than The Other *Place in Stratford, and the sight* lines a lot worse. Still, Bob Crowley's design of the estate transfers very well, with its grand display of ikons and gold-leaf background giving way to a forest sensuously defined by Leo Leibovici's projected foliage and a *verandah of cleverly* muted autumnal colours. The English version is by Jeremy Brooks and Kitty Hunter Blair, and there is notable support *work from Allan Hendrick, Eve Pearce* and David Waller.

Zimbabwe sculptures

An exhibition of modern Shona sculpture is being staged at Zimbabwe House in the Strand; London. The 170 exhibits are predominantly of stone indigenous to Zimbabwe, such as serpentine and verdite, though there are pieces which have been sculpted in limestone by three of the exhibiting sculptors during their current visit to the UK for the exhibition.

Modern Shona sculpture dates from the 1930s, when two missionaries began teaching sculpture to pupils of the Shona, the predominant tribe of Zimbabwe. A workshop school was later opened by the National Gallery in Salisbury, from which have emerged over the years a number of Zimbabwe's better-known sculptors.

They include Sylvester Mubayi and Nicholas Mukomberanwa, both of whom have exhibited before in London, as well as in Paris and Italy.

The exhibition is open until July 30.

Aldwych

The Merchant of Venice

by ROSALIND CARNE

John Barton's fine production from Stratford (reviewed in April) retains its gilded mystery *as the two worlds of Venice and* Belmont collide over a mockery of justice. The squat volatile figure of David Suchet's Shylock brings humanity and even laughter to the pivot of one of Shakespeare's strangest plays. His presence is as towering as his stature is short, and I challenge any gentile heart not to jolt in fearful sympathy as he tells us "I am a Jew."

He is instantly identifiable, a *self-dramatising* comedian, fresh from Cable Street, yet a man reviled and as proud and vengeful as the text requires. Never have I seen a Shylock who made so complete a sense of his accusation and threat "The villainy you teach me I will execute." The ground is well cleared for him by the aggressively mercantile, not to say rapacious, spirit of his Venetian enemies. We experience them not simply as individuals, but as he does, a jeering, mocking herd. Their assault on his home and Jessica's elopement is attended by masques and disguises *whose garish colours are all the* more tasteless for the overall muted creams, browns and golds of the design—visual substance to his earlier warnings that she should shut up the casements.

But Belmont, Portia's home, is the purer foil to the world of passion, blood ties and blood bonds. A tracery of branches behind the permanent transparent backcloth sets the scene for this fairy land. The transition is more successful in the build-up to the casket choice, than in the appearance of the unsuccessful suitors. Terry Wood's Prince of Morocco is a little too ranting and Brett Usher's Prince of Arragon has *become rather more of the* "blinking idiot" than the mood of the scene requires. Yet Sinead Cusack is a winsome, poised intelligent and suitably bloodless Portia. She jousts words with a Bassanio (Jonathan Hyde) who kisses her but once and then distractedly. His strongest feelings are expressed not to her in Belmont but to his friend Antonio in Venice, when he speaks of the "*lady richly left.*"

Tom Wilkinson's puzzling interpretation of the merchant does little to break through the central enigma of the play. Elizabethan melancholy, self-destruction, sheer foolhardiness, homosexuality—each may have played its part in leading him to the knife. Yet this is not to find fault, for the unanswered question is as integral to the piece as the morality of Shylock himself. Both riddles are resolved artistically, if temporarily, in the great trial scene. Listening to Sinead Cusack is like hearing those glorious phrases for the first *time and the terror of the* metal on Antonio's breast is brilliantly matched by the pathos of the Jew on his knees for sentence.

Act V is never an easy ride, but an uncomfortable bleached lyricism still grabs the concentration till the final moments. The ring jokes go down well. Nevertheless, Antonio's shuffling exit leaving Bassanio and Portia in the spotlight is a quiet confirmation of W. H. Auden's opinion that the *Merchant of Venice*, for all its beauties, is one of Shakespeare's "unpleasant plays."

Leonard Burt

Tom Wilkinson and David Suchet

London theatre festival

The first London International Festival of Theatre—LIFT—takes place for two weeks from August 3-16, when 10 contemporary companies, most visiting Britain for the first time, will play in theatres and in the streets of London.

They will present productions ranging from the traditional to the experimental and include:

● Grupo de Teatro Macunaima from Brazil in an epic with 22 actors playing 60 parts (Lyric, Hammersmith);

● Suasana from Kuala Lumpur in *Jentayu*, showing traditional Malaysian dance drama (Shaw Theatre);

● Greta Chute Libre from France bringing *Glaces*, their two-man show on metaphysical themes (Old Half Moon).

The Natural Theatre Company from Bath will share the outdoor performance programme with both British and foreign groups at venues including Covent Garden Plazza, Paternoster Square.

CRICKET BY TREVOR BAILEY

Botham is England's bright light

AFTER THREE days shortened by bad light and rain, England, with Gooch already back in the Headingley pavilion, still require 221 runs to avoid an innings defeat.

In view of the vagaries of the pitch, the ability of the Australian attack, and the frailty of our batting, the tourists must surely go two up in the series, unless the weather comes to the rescue of Mike Brearley and company who have so far been outgunned in every department.

On the first two days, the large crowds that turned up saw a sub-standard Australian batting side suddenly labour to over 400 on a wicket where three class seamers would have been disappointed if they had failed to dismiss high quality opposition for under 250.

On Saturday, England were shot out for 174—34 came from extras. Only Gower, briefly, and Botham, with a suitably spectacular 50, offered any convincing opposition or memorable strokes.

Have spectators, who paid as much as £8.50 for a reserve seat, received value for money? On Thursday and Friday they witnessed the monotony of England's laboured pace quartet — handicapped still further by indifferent catching —forget the fundamentals of bowling in helpful conditions by failing to maintain an adequate line and length. And most of the cricket was no more than mundane.

On Saturday, after the disappointing English batting, the spectators were robbed of an hour's entertainment when the umpires just before 6 pm abandoned play for the day—although the light at the time was better than the gloom in which the unfortunate Gooch had lost his wicket for the second time. The anger of the crowd, as they made their way home in bright sunshine, was understandable. Some will not return next year. The game can ill afford their absence.

I am convinced that players and umpires—all well paid for their efforts—are still not sufficiently concerned about the general public, particularly in that grey, arguable area of when it is fit to play and when play is possible.

Indifferent light, as distinct from atrocious light when the batsman is in physical danger, should surely ge regarded as a natural hazard and so should a damp outfield.

What has gone wrong with England? Why are they being outplayed by an unexceptional Australian team which is steadily growing in stature?

One does have sympathy with our selectors, because for varying reasons there is an acute shortage of Test class players available. Trying unsuccessfully to turn back the clock, they are now largely relying on the Mike Brearley side which acquitted itself well three years ago, even if some of the opposition was undistinguished.

Unfortunately, the bowlers who played such a major part in the success of the side—Willis, Old, Hendrick and Lever —have all inevitably lost some of their bite. They are no longer supported as well in the field and there are no obvious successors.

Dilley, who looks so promising, has not made the expected advance. He remains no more than a novice fast bowler.

The 13 matches without a win has inevitably affected the team's confidence and the batting which, on paper at least looks stronger than that of the opposition.

Any international side containing three players who are nearly 40 or over, and two pace bowlers who are past their peak, cannot be expected to improve.

Obviously, there will be many new faces in the party which undertakes what will be a hard tour to India this winter. However, wholesale changes are unlikely this summer. But one *assumes some will have to be* made for the Fourth Test at Edgbaston, especially if Australia win the Headingley Test.

Whoever is brought in to strengthen the England bowling, do not expect sensational figures—the pitch unlike the Trent Bridge and Headingley pitches—will probably be full of runs for both sides.

This should delight the three Gs—Gooch, Gatting and Gower —as well as any new batsman (possibly Parker) who, if England are to achieve that long awaited victory, it will be necessary to score both heavily and quickly.

Ian Botham's performances with the bat and ball have been the only bright features for England in the present Test. He has demonstrated that, *without the cares of captaincy*, he is still a world-class all-rounder, and one of the few England cricketers capable of winning—as distinct from saving— a Test.

GOLF BY BEN WRIGHT

Texan cruises to championship

THE HISTORY books will record that Bill Rogers, a 29-year-old professional from Texarkana, Texas, led by five shots going into the final round of the 110th British Open championship on the glorious Royal St George's course at Sandwich, Kent, and eventually won by four strokes.

It will read as an anti-climatic finish.

But it was anything but that. Rogers had rounds of 72, 66, 67 and 71 for a four under par total of 276 to beat the best German golfer of all times—Bernard Langer, the 23-year-old son of a Munich bricklayer, who had rounds of 73, 67, 70 and 70 for a level par total of 280.

Another prolific U.S. tournament and money winner, Ray Floyd (74, 70, 69, 70—283), and the British player Mark James (72, 70, 68, 73—283) tied for third place.

The Scotsman, Sam Torrance, who holed in one at the 16th hole, dropped two strokes to par at the last to finish on 70 and 284, and his tragic final hole cost him outright third place.

There was tremendous drama earlier in the afternoon.

Rogers made his first mistake when he missed the fifth green to the left, chipped clean across the *putting surface*, and dropped his first shot to par.

Almost immediately, as the news reached Floyd up ahead on the bush telegraph, the fiercely competitive American turned on the heat with brilliant birdies from close range at the sixth, seventh and eighth holes.

Rogers, a nervous individual at the best of times who is constantly fidgeting, fell apart for a moment.

He hit a terrible second shot at the par five, 529-yard seventh hole on to the sandy bank of a bunker, and slashed the ball away over the green; failed to *reach the putting surface* with his first chip; was strong with the next, and missed his putt—thus taking seven shots.

Suddenly, Floyd was only two behind after this six-stroke swing, and the steady Langer from West Germany was only one behind.

It was a time of great crisis for the thin and wiry Texan, but he proved his courage in the most convincing manner imaginable.

He made birdies at three out of four holes around the turn. He played a superb second shot to within a yard of the ninth hole, and holed a 10-ft putt for a *birdie at the tenth after* another magnificent second to the elevated green.

After dropping a stroke at the short 11th, where he was in the right-hand bunker — as had been both Langer and Floyd a few minutes earlier—Rogers virtually wrapped things up by hitting a superb second shot stone dead at the 12th hole.

All these three great second shots had been played with short irons, and suddenly Rogers was four under par again.

It was then Floyd's turn to fall apart.

He took two shots in a *fairway bunker at the 13th hole*; and when very holeable birdie chances got away from him at both the 15th and 16th holes, he was a dead man.

Langer battled with immense bravery despite some wayward shots. When he holed out from 15 yards across the 16th green for a two to go one under par he was three behind and the only man in with a chance of beating Rogers.

But almost immediately, the German "twitched" a short putt to drop a stroke at the 17th hole. Rogers was thus able to cruise in virtually unopposed

Call for land register

LOCAL authorities, nationalised industries and other public bodies could be compelled to register landholdings of more than one acre, an MP suggested at the weekend.

Mr John Heddle, Conservative MP for Lichfield and Tamworth, said: "Since one of the causes of the recent riots must be inner-city dereliction and decay, and since pressure upon green belt land grows almost daily, local authorities and other public bodies have a duty to use their existing landholdings to the maximum extent.

"Yet I doubt whether more than one council in 10 even knows what land it owns. That is why I urge the government to make land registers compulsory. That is the only way the public can monitor local councils and nationalised industries' performance."

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Monday July 20 1981

Parliament and Lloyd's

AN UNFORTUNATE clash between a House of Commons committee and the Lloyd's insurance market is set to take place this week over one of the most important programmes of private legislation ever to be promoted by a City of London institution.

The division between Lloyd's and the Commons committee has arisen over the vital question of the market's future structure. The committee has taken the view that it would be wrong to grant Lloyd's wide self-regulatory powers backed by law, if the effectiveness of those powers could be undermined by entrenched conflicts of interest within the market's structure.

For these reasons the committee decided that Lloyd's ought to amend its Bill of Parliament to provide a clause for complete divestment between Lloyd's insurance brokers and underwriters. In other words, the buyers of insurance, brokers, should not own or control the underwriters, the sellers of insurance.

Managing agents

The committee also decided that the Bill should be amended to preclude managing agents, those groups that run underwriting syndicates at Lloyd's, from acting as members agents, who seek new members for Lloyd's, introduce them to syndicates and generally look after the members' affairs. Again, the committee has identified conflicts of interest.

Lloyd's has accepted the arguments for divestment of broking and underwriting interests and has admitted that there are glaring conflicts in the relationship. A broker's main duty is to the assured, whereas an underwriter is primarily answerable to the investors who put up the capital. Abuses could, and do, occur. Moreover, in recent years, mergers and acquisitions of brokers and underwriters have concentrated power into fewer and fewer hands, threatening Lloyd's character as a market and, with it, Lloyd's reputation as a centre for flexibility and development.

At risk in this relationship are the interests of policyholders, members of Lloyd's, and the market place itself, one of the City's most important contributors to invisible exports. But the Lloyd's community has voted overwhelmingly against the ruling requiring the separation of managing agents from members agents. Lloyd's authorities have no mandate to comply with the Parliamentary request.

The Commons committee should reconsider its ruling on the agency issue, for the implications of this proposal have not been discussed before Parliament. If Lloyd's managing agencies were forced to dismember their businesses to prevent them carrying out the function of members agency work, the balance of power could once again shift to the brokers, something which Parliament has felt to be undesirable.

Under the proposed legislation, while brokers would be forced to sell off their managing agencies, they would be able to retain their members agency operations. They would be able to continue to introduce members to Lloyd's and to control capacity flows to underwriting syndicates. They would be able to exert influence over underwriting syndicates. The independence of business judgment of the underwriters would be further eroded. That would undermine the objective of the Commons committee which was attempting to restore Lloyd's market identity and eliminate abuse.

The Commons committee is right to show concern about the consumer interests of the members of Lloyd's who put up their wealth to allow the market to function. An examination of the agency system at Lloyd's will need to be carried out as soon as possible. But this should be done by a new Lloyd's council which will be created by the present Bill.

Lloyd's urgently needs a modern disciplinary framework, which would be granted by the new legislation. The market, one of the most important insurance communities in the world, needs to inspire total confidence at all times. Lloyd's antiquated laws for self-regulation have been barely updated since 1871 and have proved largely unworkable in the conditions of 1981. It would be wrong if such an important and much-needed piece of legislation were to fail or to meet with prolonged delay over one Commons committee requirement, the significance of which has scarcely been argued.

Review

The Commons committee should not impose a ruling on Lloyd's which is likely to run counter to its own objectives. If the committee is concerned about the interests of the members, who are the only parties affected by the relationship between managing and members' agents, it should seek an undertaking from Lloyd's that the system will be reviewed as soon as possible. The Lloyd's Bill must be passed into law without further delay.

Labour troubles in Australia

OVER RECENT weeks Australia has been troubled by a long series of industrial disputes. There have been power blackouts and port stoppages. Postal and milk deliveries remain erratic, and the newspapers carry daily columns of information about strikes which might affect everyday life. This weekend the country's 50,000 road haulage workers stopped work. The root cause of nearly all these wage disputes is the desire of workers for greater benefit for themselves from the current Australian resources boom.

In contrast with almost all of the countries of the industrialised world Australia now has a high growth economy, based on the development of energy and minerals based industries, which in turn are fuelling substantial expansion of both traditional manufacturing and the service sector. The OECD forecasts that the resources boom will bring real growth of over 5 per cent in each of the next two years, and some people in Canberra think the rate of growth could be higher.

But, to the average Australian, the resources boom has been a mixed blessing. On the positive side a substantial number of new jobs have been created. Unemployment has fallen to just over 5 per cent, with the improvement particularly marked in the resource-rich states of New South Wales and Queensland.

Interest rates

Against that most Australians have, in recent weeks, faced dearer mortgages and bank loans because the demand for investment funds has driven interest rates to record levels: higher postal, telephone and electricity charges, because the utilities need funds for urgent expansion: and cuts in some important public services, particularly education, because the government has felt the need to make room in the economy for private enterprise to expand.

Trade unionists have been demanding more money, and have mounted a national campaign for a 35-hour working week. The Government has remained determined to contain wage costs to maintain Australia's record of single-figure inflation.

The Government has tried to impose its will on the unions through a set of rigid guidelines imposed on Australia's Arbitration Commission, which has the national task of fixing wage decisions and settling industrial disputes.

In the forties, fifties and sixties this system worked, because Australia was an egalitarian country and it seemed reasonable and proper that a metal worker employed in Melbourne should be paid the same rate as one in Sydney or Brisbane. The commission spread equitable wage rises across the country. Although it was bound to take into account Government submissions on the impact of wage rises on inflation and unemployment, it had a relatively free hand.

This system is under challenge for the fourth time in less than two years, and is now close to breaking point. One cause of the pressure is the wage award guidelines. These limit the ways in which unions can seek wage increases outside the national wage award, to those justified by changes in work value, special allowances, and productivity increases. Under current conditions these guidelines constitute a Pandora's box. For instead of arguing wage cases on the basis of an employer's ability (or readiness) to pay, the unions have been very creative in looking for possible reasons for awards in excess of the norm.

The Prime Minister announced at the weekend that the Cabinet would put forward more flexible and more realistic guidelines. But the credibility of the system is already compromised and it is doubtful whether his gesture this week of halving the rise in politicians' pay will be sufficient to persuade trade unionists to call a halt to their current campaign.

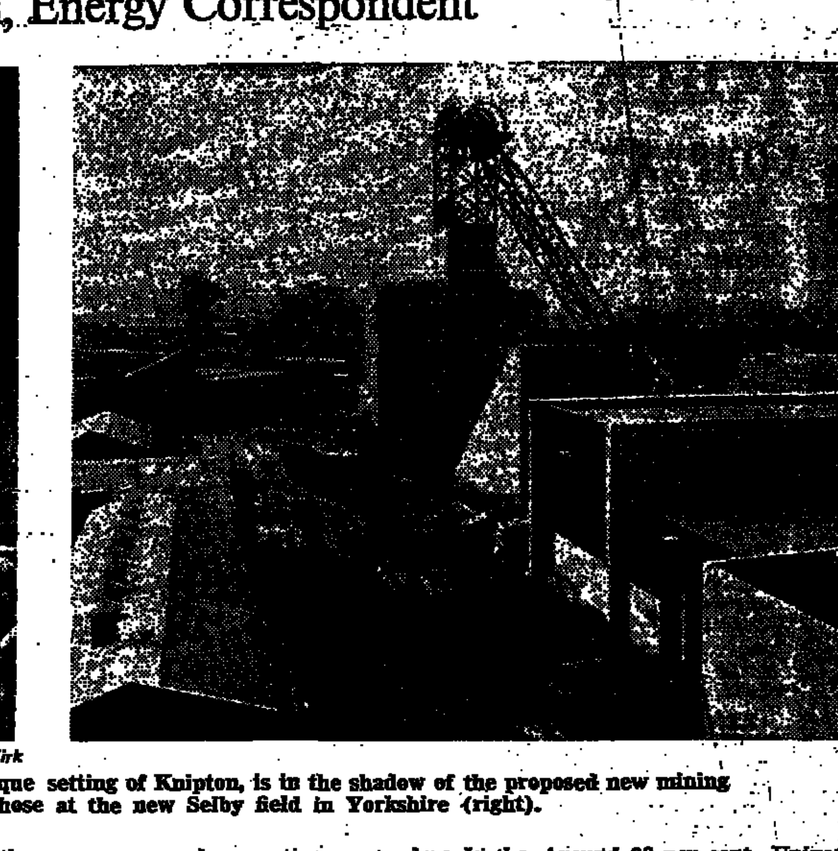
The central question is whether or not the complicated and ever-changing set of rules which make up Australia's creaky arbitration system can survive these threats.

THE BELVOIR DILEMMA

To mine, or not to mine

By Martin Dickson, Energy Correspondent

Terry Kirk



Hugh Routledge

The hunted valley: The Belvoir hunt (left), in the picturesque setting of Knipton, is in the shadow of the proposed new mining development. The pits would resemble these at the new Selby field in Yorkshire (right).

A major Cabinet clash is looming over the future of 100 square miles of pleasant Leicestershire countryside whose rustic charms include the manufacture of Stilton cheese, one of England's finest fox hunts and the Duke of Rutland, the redoubtable owner of historic Belvoir castle.

Ministers are sharply divided as to whether the National Coal Board should be given planning permission to sink three mines in north-east Leicestershire, one of them in the attractive Vale of Belvoir and the other two on its edges.

The central issue is whether there will be a need for the 7.2m tonnes of coal a year which the NCB plans to extract from Belvoir by the mid-1990s and, if so, whether this outweighs environmental considerations.

But opponents of the development have raised a second question: could the UK import coal more cheaply than it could produce it as Belvoir? In short, how competitive is the NCB?

Mr Michael Mann, the inspector who headed an 84-day public inquiry on the Vale of Belvoir last year, came to the conclusion that it was more likely than not that Belvoir coal would be needed by the time the mine entered full production in the mid-1990s. He therefore recommended that the NCB be allowed to mine—provided it did not build colliery spoil tips at two of the sites.

Mr Michael Heseltine, the Environment Secretary, thinks differently. In a draft memorandum to a Cabinet committee, Mr Heseltine says he is not convinced that the coal will be needed and argues that planning permission should be refused, at least for the next few years.

Mr David Howell, the Energy Secretary, strongly disagrees. His Department insists Belvoir coal will be necessary to safeguard Britain's fuel needs in the 1990s and beyond.

Energy forecasting is such an uncertain science that no one can say for sure how much coal will be needed by the turn of the century. The precise amount will depend on an extremely complex set of variables, including relative energy prices and economic growth rates.

Estimates vary from the almost certainly over-optimistic 170m tonnes a year forecast by the NCB to the pessimistic 75-110m tonnes projection* of Professor Colin Robinson of Surrey University, a leading energy economist and opponent of the Belvoir development.

All that can be said with any certainty is that there may well be a need for Belvoir coal. Mr Mann, for example, points out that even with the new coalfield Britain will only be producing 98m tonnes of deep-mined coal in the year 2000. Add an estimated 15m tonnes of opencast production and the total is still 12m tonnes less than the NCB mines now and touches on even Professor Robinson's pessimistic demand range.

How competitive is NCB coal with imports? The answer is complicated by the changing nature of the UK coal industry, which was in sharp decline, with minimal capital investment, until the 1973-74 oil crisis.

Then, almost overnight, coal became the fuel of the future. The Government agreed to a major expansion programme—the so-called Plan for Coal—involving the revamping of old pits and the construction of new ones, such as Selby in Yorkshire and the Vale of Belvoir. So far, nearly £3bn has been invested.

The industry is therefore in the throes of a metamorphosis, and in the process is presenting a thoroughly schizophrenic appearance to the world.

On the one hand, it still has a large number of elderly, loss-making pits with poor reserves—notably in South Wales—which are kept open longer than they should be on straight commercial grounds largely because of virulent union opposition to closure.

The problems of getting rid of this loss-making "tail" were underlined in February when the NCB, partly because of Government finance pressure, issued a list of 23 pits it wanted to close. Faced with the threat of a national miners' strike, the Government agreed to pump an additional £300m of grants into the industry and the Board withdrew the closure list.

The NCB also has a profitable face, represented by its most modern, long-life pits. The contrast between the two is remarkable.

Average operating costs at UK deep mines last year totalled about £29 a tonne, with interest and depreciation taking this up to £34-£35. Productivity was running at around 2.4 tonnes of coal per manshift—in other words, 2.4 tonnes was produced for every shift worked at the mine by both underground and surface employees.

The average hides huge variations. The NCB's tail was producing only 1 tonne a manshift with operating costs of £60 to £70 a tonne. Its best pits, such as Ollerton in Nottinghamshire, were mining for only £18 to £19 a tonne and clocking up productivity rates of up to 5.5 tonnes a manshift.

Results from the NCB's new generation of mines—Selby and, if it goes ahead, Belvoir—will be even better because these are being planned from scratch to incorporate the most advanced mining technology—much of it developed in the UK.

At Selby, for example, a complicated, computer-controlled system of giant conveyor belts will carry up to 2,000 tonnes an hour from coalface to railway wagon—equivalent to a journey from Caernarvon Castle to the top of Mount Snowdon. Productivity will 12.7 tonnes a manshift—five times the national average—and operating costs are estimated at £17 a tonne in 1980 prices.

Selby will be particularly profitable because it is a large deposit of relatively shallow, thick, clean coal. Belvoir coal is not nearly so pure, but even so productivity is expected to average over 8 tonnes a manshift.

How does all this compare internationally? In a European context the NCB shapes up well. Its production costs are by far the lowest—£35 a tonne compared to £44 for West Germany, £45 for France and £61 for Belgium—though it lags behind the Germans in productivity.

THE COST OF STEAM COAL IN BRITAIN

	Pithead price £	Transport to UK £	Price at Thames power station £	Price at coalfield station £
U.S.*	17	+23-24	40-41	45-46
Australia*	18-20	+22-24	41-42	46-47
NCB	37	—	45	39

*Spot steam coal prices, June 1981 £1 = $1.95

But figures for none of the European industries look good when set alongside those of the U.S., South Africa and Australia—the world's leading exporters. In the U.S., for example, output per manshift last year averaged about 8 tonnes at deep mines and 25 tonnes at opencast sites.

This vast transatlantic difference is explained partly by the fact that much U.S. production comes from large opencast mines where costs are extremely low.

In the Powder River Basin, amid the rolling sage brush prairie of Wyoming, coal lies near the surface in seams 70 ft thick and is dug out by huge draglines or shovels for as little as £3.50 a tonne. But U.S. underground mines also perform much better than European ones. The main reasons are different geology and the different ages of the pits.

Coal is abundant in the U.S., so the industry is still working relatively easy deposits at shallow depths. Around 90 per cent of U.S. deep mined hard coal comes from depths of up to 900 feet. In the UK, seams at this depth are mostly exhausted and workings at 1,500 to 2,000 feet are more common.

Greater depth pushes up costs sharply. The stronger pressures of the earth mean much more has to be spent to keep underground roadways open.

But while UK coal is clearly much more expensive to produce than U.S. coal, much of the price difference disappears by the time the American fuel crosses the Atlantic.

As the table (left) shows, the spot price of U.S. steam coal is now about £17 a tonne at the pithead, assuming a sterling exchange rate of $1.95. This compares with an NCB price of £37 a tonne.

However, the U.S. coal has to be railed to the east coast ports and loaded on to ship, carried across the Atlantic and transhipped at Rotterdam.

So by the time the U.S. coal is shipped into a power station in south-east England its price has risen to £40-£41 a tonne. UK coal, railed and shipped around the coast to the same site, costs around £45 a tonne.

Imports thus have a distinct edge at power stations in the South East supplied by sea. But the story does not end there. These plants—there are eight in operation—are the exception rather than the rule.

Virtually all the Central Electricity Generating Board's other 70 coal fired stations are located near the collieries which serve them and in these areas the delivered price of NCB coal is about £39 a tonne—substantially cheaper than the £45 to £46 it would take to bring imports in.

Thus it is only to the CEGB's advantage to import coal at a few power stations, either on the coast or far away from the main coal fields. But opinions are sharply divided about whether this will always be the case.

One extreme is represented by Professor Robinson of Surrey University. He argued in a recent book* that, in the absence of strong import competition UK coal prices would over the long term tend to closely follow oil price increases, with miners using their monopoly power to capture large wage rises.

The high cost of UK coal would in turn cut its potential market, sharply reducing demand below the optimistic forecasts of the NCB.

Certainly, the level of miners' wage settlements will be a crucial factor determining the coal industry's price structure and therefore its market penetration. And so too will be the unions' ability to keep open loss-making "tail" pits.

But it is hard to see the miners getting wage rises of quite the order implied in Professor Robinson's thesis—rises which would put their pay completely out of line with the rest of the wages league.

At the other extreme, some analysts expect the gap between the price of UK coal and imports to narrow, and perhaps even cross, over the coming decade, so that by 1990 it will not be worth importing steam coal anywhere in the UK.

They argue that the price of coal from the main exporting nations is currently depressed—largely because the U.S. has 150m tonnes of excess capacity.

As the international coal boom gathers pace, the excess capacity will disappear and real prices must rise: there will be large sums of new capital investment to recover; demand could easily outrun supply, forcing up prices.

A good case can therefore be made for going ahead with Belvoir, on grounds of both need and economy. There is a fair chance, though no certainty, that there will be a demand for its coal in the 1990s.

On grounds of energy policy, therefore, a cautious Government would be expected to risk the Duke of Rutland's ire and give Belvoir the go-ahead.

*What future for British Coal? Colin Robinson and Eileen Marshall. Institute of Economic Affairs, £2.00.

MEN AND MATTERS

Exchange and mart

No stockbroking firm has felt complete in recent years without its own in-house economist to impress the market with a constant stream of distinctive forecasts and comment. And Phillips and Drew has pursued the practice with more success than most.

Now a big gap opens in its economic team as Gavyn Davies, who watches the UK scene, and international specialist David Morrison leave to join the rival firm of Simon and Coates. Both men have top ratings in the annual Continental Illinois survey of UK stockbrokers.

Davies is a rare example of a Labour supporter prospering in the City. Before joining P and D two years ago, he had spent five years at 10 Downing Street as the economist in both Wilson's and Callaghan's policy unit. Morrison was formerly at the Bank of England.

One reason for their decision to leave P and D is to gain greater freedom over what they do. But the move also has intriguing implications for the days when, and if, negotiated commissions come to the Stock Exchange.

At present, economic research rides on the back of broking service. But in the future there could be pressure to charge separately for it, as in parts of Wall Street. Economists, few of whom have been near a real market-place, would then have to commercialise themselves.

Simon and Coates seems keen to develop its research services beyond the main UK institutional clients to provide, for example, short-term currency and international economic monitoring for other investors.

But the move clearly reflects, too, the particular interests at S and C of Michael Prag who had been head of its economics team before becoming senior partner this month. He will continue his commentary in the firm's weekly newsletter which has attracted a certain following, intrigued by its unusual (these days) brand of Keynesian optimism.

"Is there a freezing draught in here, or is it the wind of change from Warrington?"

Making waves

Amid the more unintelligible noises that come from Citizens' Band radio, I detect some concern among would-be makers of the equipment about the Catch-22 situation in which they now find themselves.

Nearly 20 companies have applied for development and testing licences from the Home Office and are eager to begin making the sets in good time fo the planned introduction of the service this autumn. But it is still illegal to make or import CB equipment — and it looks increasingly unlikely that there will be time in this parliamentary session for the law to be repealed.

Do the companies risk any legal penalties and go ahead? Or do they wait until it is legally safe, and lose out to more daring competitors? One manufacturer reckons it could cost his company £500,000 if he takes the wrong gamble.

Fears of retribution from the courts, I must say, sound unduly nervous when half a million people in this country are already unlawfully using illegally imported sets. And that appeared to be the tone of the Home Office response yesterday.

William Whitelaw—taking a day off to watch the final round of the Open Golf Championship at Sandwich—was well aware of the position. His assuring message is that "one way or another, manufacturers will be given the go-ahead as soon as possible."

Fund raiser

Mastermind of Singapore's economic boom in the 1960s, First Deputy Prime Minister Goh Keng Swee has arrived in London to find four experienced fund managers to help consolidate the island's prosperity in the next decade.

Premier Lee Kwan Yew wants to see better use made of Singapore's estimated $15bn foreign exchange reserves. Leading officials of the monetary authority which managed them were forced to resign earlier this year after being severely criticised for their conservatism.

Goh was given the job of sorting things out and, with Rothschild's advising, a new Government investment corporation has been set up to increase earnings from the reserves by switching between currencies and new investment in equity and real estate.

One of Lee's pet schemes is to build up major equity holdings in selected multi-nationals as a way of ensuring that Singapore gets its share of new technology. But it will be some time before that comes to fruition.

The immediate concern is to find the men with experience to fill the senior executive posts in the investment corporation. The jobs have not yet been formally advertised, but I am told there has been considerable interest shown in the UK, the U.S. and other Western countries since the banking grapevine picked up the news.

Safe course

The Swiss look like having a slightly longer life expectancy than the rest of us in the event of a nuclear holocaust. All but an unlucky few of the wary neutrals have long been provided with atomic shelters. Now the Civil Defence Corps has had Nestlé's develop a special "survival food" to tide them over until the all clear.

The Swiss foodstuffs group has called its product "pemmican" though it has not much in common with the Red Indian speciality apart from its apparently unappetising character. Nestlé's frankly warns the public that it is intended to be eaten only as an absolute last resort.

After a group of guinea-pig students had eaten nothing else for two weeks "without negative effects," enough is now being produced to feed the entire population for 72 hours. It will come in a sweet "breakfast" version, including sugar, cocoa, vanilla flavouring and cinnamon, and a savoury form for lunch and dinner containing soya meal, starch and vegetable fat. It can be eaten—enjoyed seems rather too strong a word—as a warm or cold-water gruel, mixed with vegetables or spices, or even straight from the tin.

Nestlé says the food will keep for at least 10 years. But, no doubt reflecting public opinion, adds that it hopes nobody will ever need it.

Shop soiled

Sign in a Birmingham florist's: "With fronds like these, who needs anemones?"

Observer

The question Mr Reagan doesn't like

THE 1981 edition of the World Bank's World Development Report has not yet been published. This is a pity. For if it had been available to the seven leaders meeting at the economic summit outside Ottawa, it might have helped them smooth out some of their disagreements on the right policies to be pursued towards the developing world.

Not all their disagreements, of course. If President Reagan is convinced that foreign aid should be wielded exclusively as a foreign policy weapon, for gaining influence and combating the Russians, he is unlikely to be swayed by President Mitterrand's more idealistic belief that the rich countries have a duty to help the poor.

But at least the report—a draft of which has come into our possession—helps to dispose of some of the more sterile elements in the tired old controversy about trade versus aid, let alone the even more tired controversy about the duties of the rich versus the responsibilities of the poor. A sober and balanced presentation of what we all know to be true is not a bad basis for discussion policy—especially when it supports both sides in the trade-versus-aid debate.

Today's summit may see a clash between President Mitterrand (right) and President Reagan (far right) over the extent to which the rich nations have a duty to help the poor. The World Bank, now preparing its annual Development Report, is caught in the middle. But it is not compromising on its demand for more aid

Interestingly, the Bank takes a remarkably sanguine view of the Third World debt problem. Some countries have got into difficulties, by borrowing too much and/or economic mismanagement, and other countries may well get into difficulties in future for analogous reasons. But the Bank does not think there is a generalised Third World problem, and it does not think there will be a generalised debt problem.

On the contrary, it takes the line that the middle-income developing countries, which have been the big borrowers from the commercial banks in the past, are likely to be able to go on borrowing most of their capital requirements during the 1980s. Such a judgment is in pretty stark contrast with the much more alarmist views which were current less than a year ago.

The structure of the report's argument is very simple. Developing countries suffer from many disadvantages, and these disadvantages have been made much more severe by the impact of the oil crisis, the world-wide recession, and the high cost of interest payments on their debts. But the primary responsibility for climbing out of their poverty lies with the developing countries themselves. It cannot be done if they do not adopt appropriate economic policies.

What these policies should be will obviously vary from country to country. But again and again the report emphasises the fact that those countries have done best and have adjusted most successfully to the structural changes in the world economy, which have adopted liberal, outward-oriented policies, by stimulating exports, liberalising imports, and by market pricing.

Some poor countries have suffered much more severe external shocks than others, through deterioration in their terms of trade, or through declines in world demand for their traditional exports. But the World Bank can find no statistical correlation between the severity of these external shocks, and economic performance as between different countries.

The corollary of this liberal prescription for the developing countries is that it must also be applied by the developed, not just in order to provide markets for Third World exporters, but because they too must adjust.

"The economies of the middle-income countries will continue to expand if the trade environment remains as open as it now is," says the report. "Their export expansion has resulted more from their own 'push' than from the 'pull' of world markets." But for the industrialised countries "the choice is not to adjust or protect: the choice is grow or protect."

GROWTH OF GNP PER PERSON BY REGION, 1970-90

Country group	GNP per person (1980 current dollars)	Average annual percentage growth 1970–80	Low case 1980–90	High case 1980–90
Low-income oil importers	220	0.8	0.7	1.8
Africa (Sub-Saharan)	260	—0.4	—1.0	0.1
Asia	210	1.1	1.0	2.1
Middle-income oil importers	1,710	3.1	2.1	3.4
East Asia and Pacific	1,242	5.7	4.3	6.0
Latin America and Caribbean	1,820	3.4	2.3	3.2
North Africa and Middle East	850	3.4	2.3	3.2
Africa (Sub-Saharan)*	520	0.4	0.0	0.3
Southern Europe	3,070	2.9	1.7	3.3
Industrial countries	10,660	2.5	2.9	3.1
China†	260	4.1	2.9	4.1

* Not including South Africa. † GNP per person for China refers to 1979, in 1979 dollars; growth rate is 1970-79.

Source: World Development Report

The Bank has harsh words for the subsidisation of uncompetitive industries in the rich countries and for the protectionism of the Common Agricultural Policy, and argues that safeguard clauses in GATT should be amended to take account of "injury" to consumers as well as to producers.

"For every $20,000-a-year job saved in Swedish shipyards," it says, "Swedish taxpayers pay an estimated $60,000 annual subsidy." Naturally, the same is true of our own British Steel Corporation.

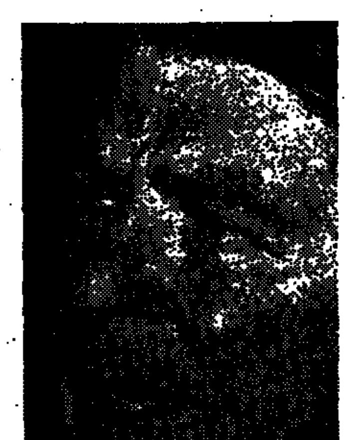
At this point the Bank presents the other side in the trade-versus-aid controversy. Success breeds success. Countries which have climbed up some of the development rungs, like South Korea or Taiwan, benefit most from export-oriented policies. But the very poorest countries, which have little in the way of infrastructure or skills and which depend on a narrow range of raw materials or agricultural products, participate much less in, and therefore benefit much less from, international trade. The problem is getting started.

They cannot and do not borrow much on the commercial markets, nor will they be able to while they remain at their present level of underdevelopment. Their only recourse for filling the investment gap is official development aid from the rich countries.

It is at this point that the sobriety of the report turns into profound and barely concealed gloom. Predictably, the Bank thinks there should be an increase in official development aid, and that it should be concentrated on the poorest countries; quite clearly it does not think either change is likely.

Some European countries are hoping to increase their aid programmes, but Britain and the U.S. (already one of the least generous aid donors) are moving in the opposite direction.

In 1979, out of total bilateral aid of $17bn, $11bn went to middle-income countries, and of that $11bn over half was channelled for political rather than development reasons to just five countries or groups of countries: Israel and Egypt (mainly from the U.S.), Syria and Jordan (mainly from Opec) and the French ex-colonial dependencies (from France).



In the absence of such an increase and/or reallocation of official development aid, the outlook for the low-income countries over the next decade would appear to be pretty grim. Whatever happens, according to the Bank's projections, the middle-income countries that have done best in the past, like Korea and Hong Kong, are likely to go on enjoying significant real growth. But in the Bank's "low case," the low-income countries in sub-Saharan Africa could see their per capita incomes decline by 1 per cent a year during the decade, while even the middle-income African countries might do no better than stagnate.

In aggregate, the difference between the "high case" and the "low case"—quite apart from the significant impact on the possibilities for growth in the industrialised countries—is an increase of about 230m people living in absolute poverty.

The Bank's argument is presented without histrionics, without tears, and without a single reference to the Brandt Report. Professional cynics might suspect that, in producing a Report which is so much more conservative in approach than some of its predecessors, and with so much emphasis on the need for the developing countries to help themselves, the Bank is trimming its sails to the political wind in Washington, and is trying to persuade the Reagan team that 1818 H Street in Washington is not exclusively staffed by communists.

Perhaps there could be an element of truth in this, but I suspect it is mainly a question of presentation. At the bottom line remains the uncomprising demand for more development aid especially for the poorest.

The case for aid can be very simply stated. It does not rest on any claim that every aid dollar has been perfectly spent in the past; we all have a pretty shrewd idea of the scale of waste, incompetence and even corruption in the spending of public money in the industrialised countries, so it would be amazing if there were not quite a lot of each in countries which are abysmally poor. It rests instead on the basic question: what other way do the poorest countries have of climbing out of their hole?

The case against aid as a foreign policy weapon for exerting influence is equally simple. The U.S. has given untold billions to Israel; did that prevent Mr Begin from attacking the Iraqi reactor, or is it likely to persuade him to make any concession whatever.

No one expects any meetings of minds on this issue in Ottawa, and there is a danger that this could become yet another issue of acrimonious debate between Europe and America, on top of the disputes over interest rates, defence spending, East-West trade, disarmament and the Middle East. The question which poses itself is whether the European countries will simply say their national pieces and then let the matter drop until the next time, or whether the members of the European Community may not be forced to work out a much more coherent development aid strategy, for one simple reason: Poland.

Within the next month or so they are likely to be faced with Polish requests for fresh trade credits. In conditions of tight budgets, especially in Britain and Germany, help for Poland is likely to be subtracted from aid to the Third World. The Community should have a real interest in clarifying its mind on the respective merits of such competing claims. It may be more complex and less glamorous than thinking up a plan for a conference on Afghanistan, but at least it would be the kind of foreign policy co-operation which was concerned with bread-and-butter issues.

Ian Davidson

Letters to the Editor

Copyright and sharps

From Mr I Baillie

Sir, — Although Justinian usually presents a fair and balanced view of the law, his article on July 13 is a highly emotive statement of the faults in copyright law which hardly seems justified in the light of practical experience. The conclusions seem to be based on a situation which, from the manner in which it is discussed, is not a matter that came to the courts and therefore cannot be reviewed dispassionately. Indeed the only conclusion that one could draw was that the British company was singularly ill-advised.

Justinian appears to be confusing the possible effects of an interlocutory proceeding and the possible effects of conversion damages. The former can have a devastating effect but one must really question whether Justinian believes that a court will issue an interlocutory proceeding where there is a bona fide reason for making the alleged infringing device and issuance of the injunction will put the defendant out of business. In this connection it is worth noting that the courts have been quick to find implied licences in many of these situations. In these circumstances if the plaintiff had such a defective claim to copyright it is most unlikely that any reasonably advised company would need to enter into an "onerous agreement."

One also notices a slight chauvinistic attitude with the emphasis on the foreign corporation although it is my experience that it is British companies who threaten foreign companies who are not particulary aware of the rather unusual aspects of this area of British law.

The concepts of the UK law on design copyright as well as the conversion damages certainly merit debate and perhaps there have been rather over-enthusiastic applications of these concepts by lawyers whose clients' products have been ripped-off by manufacturers who are quick to plead "innocence." Nevertheless one must question whether any well-advised genuine manufacturer is being so unfairly penalised as Justinian implies. By drawing an unnecessarily black picture of the law Justinian would appear to weaken the resolve of the average lay company and therefore prejudice their position rather than assist in their understanding of this particular problem.

Iain C. Baillie.
52-54 High Holborn, WC1.

Textile trade

From the Chairman, Textile Industry Support Campaign

Sir,—Your otherwise well balanced leader on the renegotions of a new multi-fibre arrangement (July 13) suggested in the last paragraph that import restraints will help neither the developing nor the developed countries. Quite the reverse is true. It certainly does not help either party if restraints do not exist.

The EEC textile industry employs directly 9.6 per cent of the total manufacturing workforce in the Community and many other industries and services are dependent upon this large entity. It is therefore most important to recognise that these same people are not just producers. They are also consumers, and their wellbeing is vital for the continued purchasing of imports already permitted.

If the industry were to be destroyed — and without an MFA this would be a certainty — the power to pay for the imports would be correspondingly diminished and the social consequences would be intolerable.

The MFA is designed to regulate international trade not to stop it.

John G. Bridge,
c/o Oldham and District Textile Employers' Association,
Thorncliffe, 115 Windsor Road, Oldham.

Conditions for forecasting

From the Director, National Institute of Economic and Social Research

Sir,—In the Lombard Column of July 13 (An Emperor undresses) Anthony Harris pushes at a door which has been open wider and much longer than he allows.

All the forecasts that we know are explicitly recognised to be conditional on a continuation of past behaviour trends and other additional assumptions. Practising forecasters probably know better than anyone how easily projections can be overtaken by unexpected changes of one kind or another. People who trust weather forecasts are sometimes caught in the rain. Should the conditional forecast appear gloomy, some forecasters suggest that things might be better if taxes were cut or the money supply reduced or whatever seems appropriate. These are not changes in the forecast, but suggestions for avoiding the consequences which the forecast indicates. Their purpose is not to make the original forecast right but to make it turn out wrong.

Mr Harris's observation that finding its projections intolerable the National Institute "suddenly ignore experience, the basis of their science, and call for an incomes policy or some other nostrum," must surely be a misconception. Study of the economy has indicated that with our present pay bargaining arrangements we may be confronted with a choice between either unacceptable inflation or unacceptable unemployment. To suggest that this observation "ignores experience" seems strange. As for the suddenness surely the Institute might be given some credit for anticipating this dilemma at a time when it did not seem so sharp as today. Christopher Dow made the case for a wages policy to supplement monetary and fiscal policy in 1964. My own first suggestion that we needed a "wages policy" was written 20 years earlier, long before I had anything to do with the National Institute.

Although inflation during the 1950s and 1960s (nowadays perceived as price stability) was bigger than anything previously experienced in peace-time since the industrial revolution, it still was low enough for the majority to accept it as a minor blemish on economic prosperity. This is no longer the case. Anthony Harris finds the right words but puts them back to front. The object of incomes policies, reforms of the pay bargaining system or other *nostra*, is precisely to change behaviour in order to falsify the forecast of what will happen with unchanged behaviour.

G. D. N. Worswick.
2 Dean Trench Street,
Smith Square, SW1.

Comparing the records

From Mr T. Ward

Sir,—Dr Bill Robinson (July 10) gives the impression that the London Business School regularly forecasts GDP with an error of only ± 1 per cent. The implication is that its present forecast of an imminent sustained recovery is an authoritative one.

The fact remains that it did not forecast the scale of the present recession until after it happened. The evidence on this is unequivocal. Latest estimates show that GDP has fallen 6 per cent between 1979 and the first quarter of 1981 (according to the output-based measure which the Central Statistical Office has shown to be the most reliable). Yet in February last year LBS forecast a fall in GDP between 1979 and 1981 of less than 1¼ per cent with unemployment remaining below 2m throughout 1981.

It is indisputable, on the other hand, that the Cambridge Economic Policy Group did forecast the scale of the recession. In April 1980 we wrote: "Our estimate is that, as stocks are run down, GDP as a whole will fall by about 8 per cent between 1979 and 1981 . . . We cannot be sure whether the collapse will be as rapid as calculations suggest. But if it is slower, this will only be because of higher public or private borrowing . . . The effects on employment will probably be dramatic."

Dr Robinson seeks to distract attention from this by asserting that the CEPG projection of GDP for 1980 was "outstandingly inaccurate with their chosen expenditure measure forecast to fall by 6.1 per cent compared with an actual fall of 1.4 per cent." He should note (1) that we do not use the expenditure measure; (2) that the (more reliable) output measure is at present estimated to have fallen by 3 per cent; (3) that as recently noted when output last turned down in 1974 initial GDP estimates failed to pick up the fall, so that present estimates for 1980 are liable to significant downward revision; and (4) that we explicity stated that we were not sure whether the collapse would be as rapid as our annual figures implied.

More fundamentally, the CEPG is not in the business of "within - year" forecasting, using quarterly statistics to predict how a year will turn out after it has begun. Our concern has always been with longer-term developments with regard to which LBS forecasts patently give no useful guidance. This difference of focus is, incidentally, the reason why we asked not to be included in the National Institute's comparison of within-year forecasts for 1980.

Terry Ward,
Department of Applied Economics,
University of Cambridge.
Sidgwick Avenue,
Cambridge

Wrangling teachers

From Mr G. Jones

Sir,—Tony Warren (July 11) forecasts difficult industrial relations and inter-union wrangling when the Association of Polytechnic Teachers gets its seat on the Burnham Further Education Committee. I disagree.

One wrangle that will disappear immediately is the National Association of Teachers in Further and Higher Education using its so called, exclusive negotiating rights to exclude APT from health and safety committees and inspections. With all members of staff allowed to contribute to making the workplace safer, academics, non-academics, and students will all be less vulnerable.

Regardless of the representation or the lack of it on the Burnham FE committee a joint negotiating committee has already been set up at Ulster Polytechnic. APT and NATFHE co-operated in order to place industrial relations in Ulster on a sound footing; APT and NATFHE share the union side 50:50.

As the five inner-London polytechnics will not be represented on the Burnham FE committee some NATFHE officers have tried to conclude an exclusive negotiating rights agreement with the Courts of Governors who are the employers in these polytechnics. This proposal was rejected by the Court of the Polytechnic of North London and that of the Polytechnic of Central London. Included in the substantial majority that rejected the proposal in central London were several governors who are members of NATFHE. In a large union communications are not all that they should be; some of the officers are out of touch with the wishes of their members. Witness what happened at Leeds Polytechnic last August when some officers and a few members of a poorly attended meeting voted for a closed shop. Co-operation between APT and the majority of the NATFHE members, who are anti-closed shop, forced NATFHE's withdrawal from the agreement.

In addition to better industrial relations more accurate statistics will be available. About 20 per cent of the academics in the polytechnics are members of APT; it has 3,200 members. The APT will be the fifth union on the teachers side making a 25 per cent increase as opposed to the 100 per cent increase implied in Mr Warren's letter.

Mr Warren writes of one union able to speak for all teachers but NATFHE has no members in the primary and secondary schools nor, of course, has it members in the universities. Mr Warren is at a loss to discover Mr Carlisle's motives; I am convinced that Mr Carlisle believes in democracy.

Gwyn Jones.
3, Birkdale Ave.,
Pinner, Middx.

Today's Events

GENERAL

UK: Mr Michael Heseltine, Environment Secretary, has first inner cities inquiry meeting with Merseyside local authority leaders.

Special delegate conference of ambulance workers to review pay and industrial action campaign.

Post Office cuts charges for parcels overseas.

Auction of designs and drawings in connection with American manned spacecraft, Sotheby's, London.

Overseas

Leaders of seven major western industrial nations meet for two-day economic summit, Ottawa.

Two-day meeting of EEC Agriculture Ministers opens, Brussels.

Knesset holds inaugural session, Israel.

Heads of State of nine southern African countries meet in Salisbury to establish permanent secretariat for the Southern African Development Co-ordination Conference.

PARLIAMENTARY BUSINESS

House of Commons: Debate on draft Community Budget 1982 and Draft Amending Budget 1981. Finance Bill, third reading. EEC document on fresh poultry meat.

House of Lords: Armed Forces Bill, third reading. Debate on UK Defence Programme.

Select Committees: Education. Subject: Secondary school curriculum and exams. Witnesses: Lord Taylor of Blackburn, Campaign for Advancement of State Education, National Confederation of Parent Teacher Association, National Society of Career and Guidance Teachers, 4 pm. Room 6. Energy. Subject: Energy conservation. Witnesses: Jones Lang Wootton, 4.30 pm. Room 21. Committee of Lloyds Bill, 10.30 am. Room 5.

OFFICIAL STATISTICS

Retail sales (June provisional). New construction orders (May).

COMPANY MEETINGS

See Week's Financial Diary on Page 16.

Marginal rise from Lynton

TAXABLE PROFITS of Lynton Holdings, property investment and development company, improved marginally from £1.27m to £1.31m for the year to March 25 1981 and the total net dividend is being stepped up to 3.4p, compared with 3.1p, with a final of 1.9p.

At midyear, when profits were ahead at £595,000 (£531,000) the directors anticipated the total would at least be maintained.

The surplus for the year was struck after interest receivable of £411,000 (£216,000) and included net income from investment properties of £649,000 (£681,000) and profit from property trading of £249,000 (£376,000).

Gross rental income declined to £2.9m (£3.07m).

Tax took £276,000 (£552,000) and after minorities of £222,000 (£120,000) the available balance emerged at £811,000 (£601,000).

During the year property sales reduced total borrowings from £26m to £15m and since year end the sale of a property in Brussels for £5.25m will further reduce short-term loans.

At year end shareholders' funds stood at £27.99m (£26.25m), equivalent to a balance sheet net asset value per 20p share of 282p (293p).

As already announced the group acquired in January the entire share capital of Summerbridge Investments, which owns a portfolio of commercial properties in the UK.

Robert Jenkins sharply higher

An improvement in the latter half of the year enabled Robert Jenkins (Holdings) to increase its profits sharply for the 12 months to March 31, 1981. The pre-tax figure emerged at £601,149, compared with £28,305, on turnover up from £11.07m to £15.34m.

Mr. A. Robert Jenkins, chairman, said the increase was mainly attributable to a "truly outstanding performance" by Robert Jenkins Systems. Other companies in the group also performed "admirably" considering the extreme difficult trading conditions, he added.

Tax for the year took £159,670 (£96,161) and the available balance came through at £733,288 (£99,134).

Stated earnings per £1 share were up from 9.7p to 71.9p and a final dividend of 14.889p raises the net total to 21.889p (same).

Robert Jenkins and Co. has recently received a £2.9m order from Denmark and has one or two other promising enquiries. Hygrotherm Engineering has won a major contract from Glaxo and has a reasonable workload.

Overall, the chairman says the group can expect to show a reasonable profit in the current year although it may not come up to the figure achieved for 1980-81.

The group's activities include process plant design and contracting.

The company's shares are traded on the market made by M. J. H. Nightingale and Co.

FACET £10m offer for sale

THE prospectus is published today for the offer for sale of 50m shares of F. and C. Enterprise Trust at 20p per share.

FACET, which will be managed by F. and C. Management, is to specialise in investing in small companies in the UK, U.S. and Japan.

In the UK, where FACET expects to invest half its funds, it will look mainly for unquoted companies that would be likely to seek a quotation within two years. In the U.S., it will tend to take positions in companies quoted in the over-the-counter market.

Shares in the offer for sale are payable as to 12½p on application and 7½p by November 2. For every 10 shares purchased, one warrant to buy one share at 20p between 1983 and 1991 is included.

Dealings in the warrants alone begin on November 23.

The offer has been underwritten by Morgan Grenfell and £7½m of the £10m available has already been placed. Applications must be received by 10 am on July 23. Dealings in the shares and warrants, in units of 10 shares and one warrant, begin on the Stock Exchange on July 28.

● comment

FACET is the fourth and largest new investment company to be set up in the past three months to specialise in investing in small, unquoted companies. It comes with strong backing from F. and C. and three experienced and respected entrepreneurs as non-executive directors. The partial payment feature in the offer reflects a reassuringly cautious approach towards prospective UK investments but the build-up of the U.S. and Japanese portfolios is expected to be quite rapid. The strong institutional interest in new trusts such as FACET arises in part because these are, for some funds, the only permitted way of investing in unquoted companies. Other investors should recognise that these companies are, as the FACET chairman said last week, seeking to invest in companies that will participate in the growth sectors of the next two decades. Long-term performance is the goal: the initial growth of asset values and thus of the share price could be slow. Of the three similar funds floated to date, only one, First Charlotte Assets Trust, is at a premium.

Richardsons Westgarth purchase

Richardsons Westgarth has reached a conditional agreement with Mr T. Haigh on the purchase from him of the 20 per cent shareholding in Haigh and Ringrose which RW does not already own.

H and R is a major electrical and instrumentation contractor in the UK; it is based at Middlesbrough, with branches on South Humberside and at Sheffield. It also has a 50 per cent interest in Haigh Reunert (Proprietary), which provides similar services in South Africa.

Mr Haigh will receive a basic cash consideration of £350,000 payable over the next four years, in addition to further sums related to the on-going profitability of H and R.

Syltone slumps £1.3m but maintains dividend

Profits before tax of Syltone, engineering, pipe system supply and wholesale electrical distribution group, fell from £1.84m to £570,000 in the year to the end of March but, as forecast, the directors are maintaining the net dividend total at 9p with a final of 7.2p.

After a fall in interim profits from £820,000 to £319,000, measures were taken to improve short-term profitability, including short-term working and redundancies, and the directors felt then than profitability would not worsen on a month by month basis as a result of outside events.

Turnover fell from £18.06m to £16.58m in the year and the surplus was struck after a debit for discontinued activities of £107,000 (£259,000 credit).

After tax of £234,000 (£702,000), minorities nil (£6,000) and a nextraordinary debit of £56,000 (nil), attributable profits emerged down from £1.13m to £280,000.

The pre-tax figure is reduced to £171,000 by current cost adjustments.

The directors say group liquidity increased by £1.1m as a result of the sale of a loss making subsidiary, LCA Pipelines. Together with the issue of £1m new capital in the form of convertible redeemable preference shares last October, this will enable shareholders to gain a measure of satisfaction from the increased strength of the balance sheet, the add.

Romney Trust earnings lower

Taxable revenue of Romney Trust slipped from £1.11m to £1.1m in the half year to June 30 after expenses and interest of £263,940, compared with £225,305.

Stated earnings per 25p share were lower at 2.35p (2.49p) but the net interim dividend is maintained at 1.3p—last year a total of 4.4p was paid from pre-tax profits of £2.03m.

Tax for the six months took £414,774 (£390,931) and after same-again preference dividend payments of £19,381 the available surplus came through at £668,335 (£704,243).

A June 30 1981 investments at valuation were £50.35m (£40.5m) and net current assets stood at £4.13m (£753,116).

RESULTS AND ACCOUNTS IN BRIEF

BRADFORD PROPERTY TRUST—Results for year ended April 5 1981 reported June 18. Fixed assets £1.24m (£1.16m), net current assets £16.02m (£13.69m), shareholders' funds £17.92m (£15.31m). Meeting, Bradford, August 6, noon.

NEW THROGMORTON TRUST—Results for year to March 31 1981 reported on May 28: shareholders' funds £9.79m (£9.78m); investments £20.34m (£12.1m); current assets £773,000 (£2.47m); net current assets £234,000 (£2.02m). Meeting, Winchester House, 100 Old Broad Street, EC, August 4, 12.30 pm.

MOUNTVIEW ESTATES—Results for the year to March 31 1981 reported June 4. Current assets £6.79m (£5.69m), current liabilities £1.44m (£1.28m). Shareholders' funds £5.43m (£4.47m). Meeting, The Russell Hotel, Russell Square, WC, August 5, noon.

BRICKHOUSE DUDLEY GROUP (manufacturer of cast-iron and steel products)—Results for the year to March 31, 1981 and prospects reported June 25. Shareholders' funds £10.72m (£8.77m). Fixed assets £7.34m (£5.14m), net current assets £3.92m (£4.31m). At July 1, 1981 Britannic Assurance Co. held 1.7m ordinary shares (11.35 per cent) and The Throgmorton Trust 1.19m (7.94 per cent). Meeting: Birmingham, Aug 7, noon.

ALFRED DUNHILL—Results for year ended March 31, 1981 reported June 4. Shareholders' funds £29.28m (£25.96m), net current assets £30.74m (£26.45m). Meeting: Cafe Royal, W., July 28, at noon.

GEI INTERNATIONAL—Results for year ended March 31, 1980 reported June 24. Fixed assets £16.97m (£16.76m), net current assets £18.08m (£21m), shareholders' funds £32.63m (£32.4m). Meeting: Savoy Hotel, W.C., August 5, noon.

CHILD HEALTH RESEARCH INVESTMENT TRUST—Pre-tax profit six months to June 30 1981 £15,518 (£34,730) for period from January 30 1980 to June 30 1980). Tax current year £6,572 (£13,094) and adjustment re prior year debit £4,294 (nil). NAV per share 181.2p (103.0p).

GREENFRIAR INVESTMENT COMPANY—Gross income half year to June 30 1981 £183,557 (£122,899), interest £70,154 (£43,531), expenses £28,093 (£22,533), tax £31,175 (£19,756). Stated earnings per share 1.35p (0.93p), net asset value 238.3p (158.4p).

CROSSFRIARS TRUST — Gross revenue for year to June 30 1981 £1,075,412 (£990,972). Net revenue £62,833 (£610,675) after tax £290,840 (£282,213). Final dividend 4.50p making 6.50p (6.0p). NAV 157.5p (137.6p).

BRITISH TAR PRODUCTS (chemical manufacturers, bulk storage and merchanting)—Results for year to March 31 1981, reported July 1. CCA pre-tax profit £532,000 (£780,000) against historic £707,000 (£1.58m): Shareholders' funds £7.65m (£7.05m). fixed assets £7.28m (£7.3m), net current assets £2.63m (£2.63m), secured bank loan £289,000 (£416,000), overdraft £2.01m (£2.56m). Chairman says management is reviewing the opportunities presented by developments in biotechnology. Meeting, The Cafe Royal, W, August 5, at noon.

NOVA (JERSEY) KNIT—Results year ended March 31 1981 already known. Shareholders' funds £2.73m (£2.29m). Net current assets £1.39m (£1.34m). Decrease in net bank balances and cash £56,045 (increase £55,527). CCA profit £592,669 (historical £629,948) and shareholders' funds £3.69m. Meeting, Marcol House, Regent Street, W, August 12 at 11.30 am.

BENLOX HOLDINGS (builder and contractor)—Dividend 0.5p (same) year to February 28, 1981. Turnover £715,238 (£503,998). Pre tax profit £34,490 (£40,782). Tax £3,000 (£2,100). Debit extraordinary items £61,000 (£8,310). Net loss £29,856 (profit £30,372). EPS 1.07p (1.68p). CCA pre tax profit £30,000.

FERGUSON INDUSTRIAL HOLDINGS (building, engineering)—Results for February 28 1981 year reported on June 16. Group fixed assets £13.06m (£10.13m), net current assets £6.58m (£6.83m), shareholders' funds £18.22m (£13.28m), decrease in net liquid funds £2.93m (£2.18m). Chairman's emoluments £34,863 (£27,490). Meeting, Appleby Castle, Cumbria, August 7, 11.30 am.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Concord Rotaflex, Lede Investment Trust, G. F. Lovell, Meggitt Holdings.

Finals: C.H. Industrials, Crown House, Initial Services, Sheffield Refreshment Houses, Siebe Gorman, Vinten.

FUTURE DATES

Interims—

Bootham Engineers	July 28
Kuala Lumpur Kepong	July 25
Moorside Trust	July 22
Weber Holdings	July 23
Woolworth (F. W.)	Aug. 12

Finals—

Ailsa Investment Trust	Aug. 4
Cawdaw Industrial	July 28
Danae Investment Trust	July 22
Investment Company	July 23
Preedy (Alfred)	Aug. 3
Priest (Benjamin)	July 28
Smith (David S.)	Aug. 6

FT Share Information

The following securities have been added to the Share Information Service:

Cystic Fibrosis Research (Section: Investment Trusts). Finland 14½ per cent Loan 1986 (Int. Bank and O'seas Govt. Sterling Issues). Flair Resources (Oil and Gas). Insurance Corporation of Ireland (Insurance). International Bank 13½ per cent Loan 1986 (Int. Bank and O'seas Govt. Sterling Issues). Simplicity Pattern (Section: Americans).

PETOFINA

Petrofina UK has completed the purchase of the Energy Equipment Company, of Leighton Buzzard, which has now become a wholly-owned subsidiary. A non-trading company, Energy Plant Services, is also being acquired.

SPAIN

1981 High	1981 Low		July 17 Price %
327	251	Banco Bilbao	327
360	280	Banco Central	357
356	229	Banco Exterior	355
301	239	Banco Hispano	301
128	120	Banco Ind.-Cat.	121
371	284	Banco Santander	357
226	148	Banco Urquijo	225
355	263	Banco Vizcaya	355
252	204	Banco Zaragoza	235
210	82	Dragados	198
86	45	Espanola Zinc	85
67.7	55.5	Fecsa	66
62.5	22	Gal. Preciados	44.5
75.2	63.5	Hidrola	73.5
62.5	52	Iberduero	58
122	70	Petroleos	122
96	70	Petroliber	90
102	59	Sogefisa	59
78.7	60	Telefonica	77.5
70.5	60	Union Elect.	69.7

SHARE STAKES

Pritchard Sevices Group—B. St. J. Mowbray, director, sold 15,000 ordinary, total holding now 22,500 (0.075 per cent).

European Ferries—D. J. Bradford, director, bought 69,242 ordinary.

Arthur Lee and Sons (Sheffield) — Caparo Group together with its subsidiaries hold 1,899,000 (6.12 per cent).

Alexander Howden Group—Mr Kenneth Vaughan Grob, director, disposed of 50,000 shares, leaving 1,005,464 shares.

Grattan Warehouses—Electra Investment Trust has an interest in 2,237,000 ordinary stock units (5.08 per cent).

Espley-Tyas Property Group—R. B. Lambon, director, has purchased 27,558 ordinary shares at 86p.

Mercantile House Holdings—Edinburgh Investment Trust has sold 55,000 shares leaving holding 310,000 shares (4.4 per cent).

United City Merchants—Carr, Sebag and Company yesterday purchased on behalf of the Arab Asian Group of Bahrain 10,000 10 per cent convertible subordinated unsecured loan 1994/9 at 39½p. Arab Asian bought 100,000 UCM ordinary at 39p and 250,000 at 39½p.

Rowntree Mackintosh—The trustees of the Joseph Rowntree Memorial Trust have disposed of 231,248 ordinary and are now interested in 8,325,000 (6.14 per cent).

Ibstock Johnsen—P. E. M. Holmes, director, sold 10,000 shares, which were held non-beneficially as part of a joint holding.

A. F. Bulgin and Company—Trustees of certain settlements executed by the late Mr A. F. Bulgin transfer 27,540 "A" non-voting ordinary from A trust to Mr R. A. Bulgin (a director), Mrs G. L. Worwood (a director) non-beneficial interest is reduced by 27,540 "A" non-voting ordinary. Mr R. A. Bulgin has sold 29,361 "A" non-voting ordinary and 50,000 ordinary.

W. H. Smith and Son Holdings—Lord Hambleden, director, as a trustee sold 115,000 ordinary. Total holding now 1,557,635 (2.24 per cent).

Harris Queensway Group—Mr Philip C. Harris acquired 27,000 shares; Mr Hugh R. Sykes sold 27,000 shares: Mr Philip C. Harris has renounced 2,000,000 shares in favour of his wife, Mrs Pauline Norma Harris; Mr Philip C. Harris has renounced 500,000 shares in favour of the Philip Harris Charitable Settlement.

Bankers' Investment Trust—The Equitable Life Assurance Society holds 2,010,000 ordinary (5.19 per cent).

Bath and Portland Group—LTA as a result of option are now beneficially interested in a total of 4,000,000 ordinary.

Parambe—Mr M. S. Kaye has sold 40,000 ordinary shares. Total holding is now 535,115 shares (approx. 14.3 per cent).

J. Hepworth and Son—British Land acquired 100,000 ordinary shares. This brings total holding to 2,630,000 ordinary.

Winterbottom Energy Trust—Prudential Corporation disposed of 150,000 ordinary shares and now holds 2,859,000 shares (11.91 per cent).

£000's capitalisation	Company	Last price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
1,074	ABI Hldgs. 10pc CULS	108	+ 8	10.0	9.3	—	—
3,821	Airsprung	66	—	4.7	7.1	10.5	14.5
1,150	Armitage and Rhodes	46	− 1	1.4	3.0	18.9	43.8
12,098	Bardon Hill	198	+ 1	9.7	4.9	9.6	11.7
7,693	Deborah Services	100	—	5.5	5.5	5.0	9.4
7,482	Frank Horsell	97xd	− 4	6.4	6.6	8.7	21.1
9,390	Frederick Parker	65xd	− 1	1.7	2.6	28.3	—
1,181	George Blair	64	—	3.1	4.8	—	—
2,800	Jackson Group	112	− 1	7.0	6.3	3.5	7.9
17,804	James Burrough	129	—	8.7	6.7	8.4	11.8
3,193	Robert Jenkins	313	− 1	31.3	10.0	—	—
2,880	Scruttons "A"	158	− 1	5.3	9.1	8.9	8.3
2,969	Torday	183	− 2	15.1	7.8	7.4	12.8
3,205	Twinlock Ord.	15	+ ½	—	—	—	—
2,129	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
6,103	Unilock Holdings	40	—	3.0	7.5	6.2	9.8
12,526	Walter Alexander	99	− 2	5.7	5.8	5.5	8.7
5,741	W. S. Yeates	248	− 1	13.1	5.3	4.7	9.5

Terms (years)	3	4	5	6	7	8	9	10
INTEREST %	13¼	13¼	13½	13½	13¾	14	14	14¼

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CREDITS

BY PETER MONTAGNON

Testing time for Poland

POLAND'S international bankers meet in Zurich this week for what promises to be their crucial meeting on the country's request to defer repayment of its foreign debt.

The meeting, to be attended by 21 banks from 12 countries, is expected finally to approve the compromise framework approach to the debt problem drawn up in Paris last month.

It is, however, unlikely to tackle some of the complex issues of principle that have emerged during earlier talks. These include questions such as whether floating rate notes which are securities held by non-banks as well as banks and loans whose repayment is tied to the proceeds of copper exports should be included in the rescheduling agreement.

The banks are expected to appoint a committee from among themselves to reach a verdict on these questions at a later stage.

What is important this week, bankers close to the talks say, is that agreement in principle should be confirmed on the proposal requiring Poland to give detailed information on its economic prospects before a seven-year re-scheduling becomes effective.

Without this, some fear, the patience of a number of creditors could be exhausted. Poland has been excused repayment of principal on its bank debt by a gentlemen's agreement among banks since the end of March when it became clear that it simply did not have the money to pay.

A reminder that it remains on the brink of default came last week when a $35m floating rate note was suspended from quotation on the Luxembourg stock exchange because insufficient funds had been made available to satisfy note-holders' requests for optional redemption under the borrower's contractual agreement.

Another Comecon country, Cuba, has meanwhile succeeded in raising C$60m over five years with three grace at a margin of 1 per cent in a discreet operation led by Banco Arabe Espanol. Earlier this year Cuba tried to raise a DM 150m credit through Credit Lyonnais but operation faltered, apparently as a result of political pressure from the U.S.

Elsewhere, the credit market remained dominated by jumbo loans for U.S. corporations which have now totalled about $25bn in the last two weeks with news last week of a $6bn facility for Mobil and a $5bn facility for Marathon.

Bankers are quick to point out, however, that this high volume is deceptive as a large portion of the credits may never be drawn. Banks are, in fact, waxing fat on fee income "for reserving a space in the balance sheet," as one banker put it last Friday.

Nor are the loans subject to a proper syndication process, and the OECD for one is unlikely to include them in its usual statistics on publicised Eurocredits.

But one North American corporate loan that was more widely syndicated, for Canada Development Corporation, has been increased to $2.1bn from $1.75bn.

In Latin America, Mexico's Federal Electricity Commission (CFE) is understood to have awarded a mandate to a group of banks led by Chase Manhattan to raise $400m over eight years at a margin of ½ per cent over Libor or ⅝ per cent over U.S. prime.

This loan will be something of a test of the market for Mexico, whose shortage of liquidity now appears to have prompted it to step up its short-term borrowing as well as to move towards settlement of documentation disputes that have delayed signing of at least three recent loans.

Spain's continuing popularity in the Euromarkets, which has led to increases in a number of credits recently, was underlined last week with news that the $80m credit for the electric utility, Endesa, managed to achieve a sell-down of more than 50 per cent despite its low margin of ⅜ per cent in the final two years.

In other news, Costa Rica has appointed Kuehn Loeb Lehman to help it sort out its international debt problems, while Sri Lanka has awarded a $75m mandate to a group of banks led by Chemical (Asia) with a margin of ⅝ per cent for the first six years rising to ¾ per cent for the remaining two.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡§Blue Ridge Pet. Corp. NV (g'teed AmRo Bk.)	20	1986	5	4	100	EBC	4.000
‡§Northwest Intl. Fin.	40	1996	15	9	100	Goldman Sachs	9.000
‡§Dainippon Ink & Chemicals Inc.	40	1996	15	6	100	Yamaichi, CSFB, Paribas, Smith Barney	6.000
‡§Toyo Menka Kaisha	30	1996	15	6¼	100	Nikko Secs.	6.250
‡†Midland Bank	75	1994	13	5¼⊕	100	S. Montagu, EBC, CSFB, Dai-Ichi Kangyo, Fuji Intl.	5.319⊕
‡§Texas Gen. Resources	12	1996	15	10¼	100	Hill Samuel	10.776
Arizona Public Services Fin. Co.	50	1988	7	16	100	CSFB	16.000
‡**§Tokyo Sanyo Elec. Co.	30	1996	15	5¾	100	Merrill, Lynch, Yamaichi, Daiwa	5.833
†Public Power Corp. of Greece	30	1993	12	5¼	100	Chase Manhattan	5.576⊕
‡IBM World Trade	60	1985	4	14¾	100	Salomon Bros. Merrill Lynch, Morgan Gnty.	14.750
EIB	150	1989	8	15	*	UBS Secs.	*
SWISS FRANCS							
‡SNCF	100	1991	—	7¼	100½	Soditic	7.214
‡†Light Servicos de Electricidade	20	1989/91	—	7½⊕	100	Gutzwiller Kurz Bungener	7.381⊕
‡**§Texas Gen. Resources	23	1988	—	7½	100	Bank von Ernst	7.500
‡**Bayerngas	20	1986	—	7¾	100	Credit Suisse	7.750
**World Bank	150	1986	—	7¾	100	Credit Suisse	7.750
‡**§Sharp Corp.	100	1986	—	4⅛	100	Credit Suisse	4.125
‡**§Hoshiden Electronics	30	1986	—	4⅜	100	UBS	4.375
Dome Petroleum	100	1990	—	7¼	100½	Credit Suisse	7.214
Compagnie Francaise des Petroles	100	1990	—	7¼	*	Credit Suisse	*
STERLING							
‡§Seiyu Stores	15	1996	15	7¼	100	Kleinwort Benson	7.250
YEN							
‡Australia	15bn	1991	10	8½	100	Nomura Intl.	8.500
Province of Quebec	20bn	1993	*	8.6	100	Nomura Intl.	8.785
EUA							
‡I/S Elsam	20	1989	8	11½	99	Kredietbank	11.699

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⊕ Minimum. § Convertible.

Note: Yields are calculated on AIBD basis.

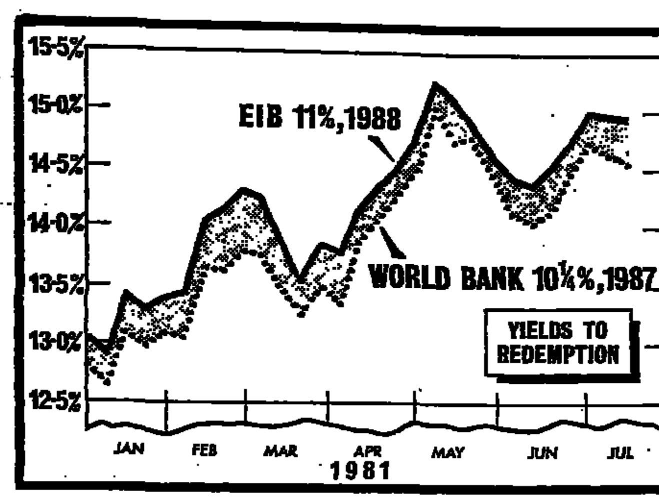
INTERNATIONAL BONDS

BY FRANCIS GHILES

Winding down before the holidays

PRICES OF fixed interest Eurodollar bonds declined ¼ point last week in lacklustre trading as major corporations and large money managers started to wind down their business ahead of the summer holidays.

Dealers said that with little sign of a turnround in U.S. interest rates—six month Eurodeposits gained ⅜ per cent to 18¾ per cent last week—turnover can be expected to remain thin in most sectors of the bond markets for some weeks to come.



Two new straight dollar bonds were announced, a 14¾ per cent bond to 1985 for IBM World Trade, whose terms were set at the beginning of the offering period, and a 15 per cent bond to 1989 for the European Investment Bank. The first met with a good reception but the success of the second depends more on whether the market improves before the final price is decided on Wednesday.

Bond dealesr agree that to sell EIB paper of this maturity, investors must be offered a yield of between 15.65 and 15.75 per cent. If 1⅞ per cent (which represents the full selling group concession) out of total commissions of 2 per cent is reallowed to investors, these bonds would have to be priced between 98 and 98¼.

When the EIB bond was launched last Tuesday, the lead manager, UBS (Securities), appeared to be thinking in terms of a price of around 99¼. By Friday, however, its expectations were thought to have shifted to a price below 99.

Convertible bond issuess particularly for U.S. energy and Japanese borrowers have been greatly in vogue of late. Not all are proving to be very successful, however. Both the convertible for Northwest Energy and the bond for Texas General Resources were cut in size last week. The second quickly lost ground when it started trading, in line with the fall of the parent's share price in New York.

The Dai Nippon Ink dollar convertible did not put in a good performance either. It was quoted at 94-95 last Friday.

However, since the beginning of June, 78.8 per cent of all new dollar convertibles have been accounted for by Japanese borrowers, a proportion which rises to 94.7 per cent in the Swiss franc sector.

Swiss franc bonds gained ¼ of a point last week but much of the buying activity is concentrated on the new issue front. A steady flow of funds continues into Switzerland, not least because many analysts believe that the Swiss franc will appreciate against the D-Mark in the months to come. Two SwFr 100m public issues were announced last week, for Dome Petroleum and Compagnie Francaise des Petroles.

D-Mark foreign bond prices were unchanged last week but some buyers were in evidence, in particular from Northern Europe. Seasoned issues were in greater demand than more recent ones.

There has not been a new issue in this sector for nearly three weeks, but German bankers expect the West German Capital Markets Sub-Committee, which meets today, to agree to a small calendar of new issues for August.

Some foreign borrowers have nonetheless been tapping the German capital markets, raising Schulscheine notes rather than bonds. One such issue was for Euratom, which recently raised 10⅜ per cent 10-year notes. Borrowers prefer this channel as it is more discreet than a public bond. In particular it conceals the fact they are prepared to pay such high coupons.

U.S. BONDS

BY DAVID LASCELLES

Market waits for the Volcker verdict

SOME PEOPLE on Wall Street thought they detected signs that the Federal Reserve Board was easing the monetary reins last week. But this belief was far from universal, and the credit markets shifted nervously to and fro, ending the week little changed.

The easing, if any, was read into the way the Fed supplied reserves to the market almost every day last week. Although there is a strong seasonal demand at this time of the year which the Fed was plainly trying to satisfy, some analysts thought it was deliberately oversupplying funds to take the pressure off interest rates. There was certainly a drop in the average Fed funds rate, though whether this was a result of the Fed's action or just a reflection of changes in demand for credit was a matter of some debate.

What is clear, however, is that while the Fed may not wish to see interest rates stick at high levels, it has not relaxed its basic strategy at all: recent statements by Mr Paul Volcker, the chairman, and various other Fed reports make it clear that the Fed is aiming for the tightest possible money supply growth targets. It is also doing all it can to drive this message home to the financial markets and the world at large.

The Fed's task has been complicated by last week's money supply figures, which showed the main measures growing at near-record levels. M-1A was up $3.8bn and M1-B rose by $6.9bn. Although the timing of this month's issue of social security cheques was expected to produce a blip in the money supply, the outturn was far worse than feared, and interest rates soared in the final hour of trading on Friday. The benchmark Treasury long bond lost 1½ points. The Fed may be able to explain this blip away, but the figures will still appear on the charts, which is why Wall Street is worried.

The big event this week will be tomorrow's mid-year report to Congress by Mr Volcker on the implementation of monetary policy. The market will be looking for two things: his reading of the current economic situation, and his announcement of money supply growth targets for the period ahead—which he is obliged to do by law. He is generally expected to warn Congress about the dangers of complacency over the recent improvement in inflation, and to reinforce the message that the Fed has dug itself in for the long haul.

With interest rates little changed, there was comparatively light borrowing activity in the bond market.

U.S. INTEREST RATES (%)

	Week to July 17	Week to July 10
Fed funds wkly avge	18.12	19.76
3-month Treas. bills	14.34	14.60
3-month CD	17.55	17.50
30-year Treas. bond	13.37	13.47
AAA utility	15.75	15.50
AA industrial	15.00	14.88

Sources: Salomon Bros. and First Boston.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air 15¾ 86 (WW)	55	98⅛	98⅞	−0¼	−0⅜	15.65
Amoco 13¾ 86	75	92⅝	92⅞	0	−1¼	15.06
[illegible] 14½ 84	185	97¼	97¾	0	−0⅛	15.80
CIBC 15½ 86	75	99⅝	100⅛	+0¼	+0½	15.27
[illegible] 15½ 90	75	96⅞	97⅜	0	0	15.74
[illegible] 12⅞ 91	100	87½	88	−0⅛	−0⅛	15.22
Citicorp O/S 13 87	200	88⅝	89⅛	+0⅛	+0⅛	14.81
Citicorp O/S 15¾ 84	175	100⅛	100⅝	+0⅛	+0¼	15.29
[illegible] Canada 15½ 91	65	93⅛	93⅝	0	0	14.79
EIB 12⅞ 92	75	87⅝	88⅛	+0⅛	−0½	15.51
[illegible] 13⅝ 88	50	92½	93	0	−0⅜	15.48
Elec. de France 13 88	125	90⅞	91⅜	0	−0⅜	15.19
Export Dv. Cor. 9½ 86	150	81⅛	81⅞	0	−0⅝	15.41
Fed. Bs D. 12⅞ 85 (N)	50	90⅞	91⅜	+0⅛	−0⅛	15.13
Fed. Bs D 15¾ 84 (J)	40	100⅝	101⅛	−0⅛	0	15.32
Fin. Exp. Credit 10½ 85	50	84¾	85¼	0	0	15.88
Finland, Rep. of 9½ 86	100	79⅞	80⅛	+0⅛	−0⅛	15.79
Ford Cr. O/S Fin. 16 84	150	100	100½	0	0	15.73
Ford Cr. O/S Fin 16 85	150	97⅝	98⅛	0	−0⅝	16.76
Gaz de France 13½ 86	80	94	94½	0	−0⅛	15.28
GMAC O/S Fin. 12⅞ 88	100	90⅜	90⅞	+0⅛	−0⅛	15.18
GMAC O/S Fin. 14⅜ 87	100	96⅝	97⅛	+0⅛	−0⅛	15.55
Gen. Mts. O/S 11⅜ 87	300	86⅝	87⅛	0	−0½	15.10
Genstar 14¾ 91	50	97⅞	98⅜	0	−0⅛	15.09
GTE Fin. 13⅞ 86 (WW)	50	96⅝	97⅛	+0⅛	−0½	14.67
Hiram Walker 15 86	50	102⅛	102⅝	0	0	15.24
IBM Wld Trade 12½ 88	200	94⅛	94⅝	+0⅛	−0¼	13.75
IBM Wld. Trade 14⅝ 84	100	100⅞	101⅜	+0⅛	+0⅜	14.22
Nat. Bk. Canada 15½ 84	40	98⅞	99⅜	0	+0⅜	15.61
Newfoundland 15½ 90	60	91⅝	92⅛	0	−0⅛	15.21
Nova Scotia 15 91	75	97½	98	0	0	15.45
Ontario Hydro 13⅞ 91	100	93	93½	+0⅛	0	14.82
Queb. Hy. 13 91 (WW)	100	87¼	87¾	0	−1½	15.55
Royal Bk. Canada 14 86	100	97⅝	98⅛	+0⅛	+0⅜	14.56
SNCF 13 91	75	90⅝	91⅛	+0⅛	+0⅛	14.80
Sth California 14 87	80	96⅝	97⅛	0	−0⅛	14.79
Sth California 14⅝ 88	50	98	98½	0	−0⅞	15.16
Sven Handlsbk. 13¾ 88	45	91⅞	92⅜	+0⅛	0	15.68
Swed. Ex. Credit 13 86	75	90⅞	91⅜	0	0	15.83
Swed. Ex Cred. 15¾ 86	50	99⅝	100⅛	+0⅛	0	15.75
Toronto-Dom. Bk. 14 84	50	96⅛	96⅝	+0⅛	0	15.57
Tribune O/S Fin. 14 86	50	94⅞	95⅜	+0⅛	0	15.48
Wells Fargo Int. 15½ 84	50	100⅛	100⅝	0	+0⅛	15.24
World Bank 10¼ 87	300	81½	82	−0⅛	0	15.12
World Bank 14⅝ 86	500	96⅛	96⅝	0	0	15.42
Average price changes.. On day 0 on week −0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97¾	98½	0	+0½	10.30
Austria, Rep. of 8¼ 92	150	87½	88⅛	−0⅛	−0⅜	10.10
CECA 7⅞ 92	150	†86⅝	87⅜	+0⅛	+0⅛	9.88
CECA 10 91	120	99⅜	100½	+0⅛	−0½	9.96
Cie Honeywell 8¾ 90	125	87⅞	88⅜	0	0	10.44
Council of Europe 10 91	100	99¾	100	+0⅛	+0¼	10.05
EIB 8¾ 90	200	89⅜	90⅛	0	+0⅛	10.26
EIB 10½ 91	200	100⅝	101⅛	−0⅛	+0⅛	10.36
ESCOM 9¼ 87	100	90½	91¼	−0⅛	0	11.33
Finland, Rep. of 10 89	100	97½	98⅛	+0⅛	+0⅛	10.40
Iberduero SA 9 90	100	88	88⅝	−0⅛	−0⅛	11.10
Ind. Bk. Finland 8½ 90	100	89⅛	89⅞	0	0	10.29
Inter-Am. Dv. Bk. 10 91	50	98⅛	99⅛	0	−0⅜	10.19
Japan Air Lines 8⅛ 87	100	91⅜	92½	+0⅛	+0⅛	9.84
Japan Dev. Bk. 7⅝ 87	100	89½	89⅞	0	+0¼	9.99
Kobe City of 8 90	100	88⅜	89⅛	0	+0⅞	9.95
Midland Int. Fin. 8½ 90	80	89½	90⅛	−0⅜	+0⅜	10.23
Nuclebras 9½ 88	100	89⅝	90⅛	−0¼	−0⅜	11.94
OKB 8⅛ 92	150	87	87⅜	−0⅛	+0⅛	10.21
Oslo, City of 8⅜ 90	80	91⅜	92⅛	−0⅛	−0⅜	10.17
Venezuela, R. of 9¾ 90	150	93⅞	94⅝	−0⅛	+0⅛	10.74
World Bank 8 90	100	86⅛	86⅞	+0⅛	+0⅛	10.37
World Bank 10 86	150	100⅜	101⅛	−0⅛	−0½	9.78
Average price changes.. On day 0 on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	96⅛	96⅝	0	−0⅜	7.04
BFCE 6½ 91	100	†94	94½	−0⅜	−0⅞	7.35
Bayer Int. Fin 5¾ 92	100	91¼	91½	+0¼	+0⅜	6.35
Bergen, City of 6¾ 91	40	†100	100½	0	0	6.71
Brown Tetterode 7 90	40	100⅛	100⅝	−0½	+0⅛	6.96
CECA 6¾ 91	80	97⅝	97⅞	0	+0¼	7.07
Denmark 5¾ 90	80	88	88¾	−0⅛	0	7.63
Dome Petroleum 5¾ 91	100	95⅜	95⅝	+0⅜	+0⅛	6.39
Elec de France 5¼ 90	100	91	91½	+0⅛	0	6.54
Eurofima 5¾ 92	80	†98⅞	99	0	−0¼	5.90
E. G. H. Hypo Bk. 6 90	50	93½	93¾	0	−0⅜	6.98
Finland, Rep of 5⅝ 90	80	†89	90	+0¾	+0⅜	7.24
Franc. Petroles 6½ 91	80	†96	96½	+0⅛	−1⅛	7.04
Genstar 7 91	100	102¾	103	+0⅝	+0⅛	6.59
Int-Amer. Dv. Bk. 7 91	100	98⅞	99⅜	0	0	7.14
Japan Dev. Bank 5¾ 90	100	94¼	94½	+0⅜	+0¼	6.58
Mt. Blanc Tunnel 5½ 90	60	†90	90½	0	+0¼	6.98
[illegible] 5¾ 90	80	92	92¾	−0⅜	−0⅛	6.96
OKB 7 93	100	99½	99¾	−0½	−0¼	7.04
Oslo, City of 5⅞ 90	80	93½	93¾	+0½	+1⅛	6.82
Philips Lamps 5¾ 92	100	89⅛	89⅜	−0⅛	−0½	6.65
Swed Ex. Cred. 7⅛ 91	75	†97½	98	−0½	−0⅜	7.58
Trade Dev. Fin 6½ 90	50	91½	91¾	+0⅛	+1⅛	7.41
Voest-Alpine 5¾ 90	80	89½	89¾	−0⅜	−0⅞	7.34
World Bank 6 91	100	94	94⅝	+0⅛	+1⅛	6.85
World Bank 7 90	100	100⅛	100⅝	+0¼	+0⅜	6.90
Average price changes.. On day 0 on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	97	98	−0⅛	−0¼	8.63
Australia 6½ 88	20	85⅛	86⅛	0	0	9.38
EIB 7⅜ 89	12	92⅜	93⅜	+0¼	+0⅜	9.02
Finland 6.8 88	10	85¼	86½	0	+0⅛	9.89
Finland, Rep. of 8⅛ 87	15	97½	98½	0	0	8.82
New Zealand 8⅜ 87	15	98⅛	98⅞	0	+0⅛	8.70
Average price changes... On day 0 on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 CS	60	87	88	+0½	+0½	14.28
CIBC 13½ 85 CS	50	93½	94½	0	+0⅛	15.65
CIBC 11½ 85 CS	60	86⅛	87⅛	0	0	16.31
Federal Dev. 11½ 90 CS	60	†79½	80½	−0¼	+0¼	15.81
Fst. Can. Inv. 10 84 CS	50	†84½	85½	−0¼	−0½	17.07
R. Bk. Canada 10 86 CS	40	88	88¾	0	−0⅛	13.40
Tordom Cpn. 13½ 85 CS	30	†93¼	94¼	0	−0¼	15.55
M. Bk. Dnmk. 9 91 EUA	25	85¾	87	−0⅛	−0⅛	11.28
SOFTE 8¼ 89 EUA	40	86	87¼	0	−0¼	10.88
U. Bk. Nwy. 9½ 90 EUA	18	92¾	94	0	−1½	10.69
Algemene Bk. 10¼ 86 Fl	60	95	95½	0	+0⅛	11.60
Amro Bank 12 86 Fl	75	100⅞	101⅜	−0⅛	+0½	11.68
Heineken NV 10 87 Fl	100	95¼	95⅞	+1	+2⅛	11.04
Nat. Nedrlndn. 10 88 Fl	80	96	96½	0	+1	10.80
Ned. Midd. Bk. 10 85 Fl	75	94½	95	0	+0¼	11.64
Pierson 10¼ 86 Fl	50	94	94½	+0½	+0⅜	11.90
Rabobank 12 86 Fl	50	100½	101	−0⅛	+0⅜	11.78
Air France 14½ 86 FFr	200	92¼	93¼	0	0	16.81
Bk. America 14½ 86 FFr	250	90⅝	91⅝	0	+0⅛	17.40
Charb'nages 13⅞ 85 FFr	400	89⅜	90⅜	0	0	17.24
EIB 14⅛ 88 FFr	300	87⅜	88⅜	+0⅛	+0¼	17.31
La Redoute 14¾ 85 FFr	125	86½	87½	0	+0⅛	18.85
OKB 14 86 FFr	400	90⅞	91⅞	0	−1⅛	16.76
Solvay et C. 14¾ 86 FFr	200	95½	96½	0	+0⅜	15.95
Swed. E. Cr. 14⅝ 86 FFr	250	87⅞	88⅞	0	−0⅛	18.44
U. Mex. Sts. 14 85 FFr	150	89½	90¼	−0⅛	−0⅛	17.79
Acona 14 85 £	20	92⅞	93⅞	0	−0⅛	16.14
Beneficial 14¾ 90 £	20	85⅞	85⅞	−0⅛	−0⅜	17.43
BNP 13½ 91 £	15	87⅞	87⅞	0	0	16.10
CECA 13½ 88 £	20	88½	89¼	+0⅛	0	16.16
Citicorp O/S 13½ 90 £	50	92⅜	93½	0	−0½	14.93
Fin. Ex. Cred. 13¾ 86 £	15	91½	92¼	−0⅛	0	16.28
Gen. Elec. Co. 12½ 89 £	50	86⅛	86⅞	−0⅛	−0⅞	15.59
Hiram Walker 14¾ 86 £	25	93½	94½	0	+0⅛	16.09
Privatbanken 14½ 88 £	12	90⅝	91⅝	0	+0⅛	16.74
Rothschild 14¼ 90 £	12	93¼	94	−0⅛	+0⅛	15.59
Royal Trustco 14 86 £	12	93⅜	93⅞	0	0	16.02
Swed. Ex. Cr. 13¾ 86 £	20	92	92¾	0	+0⅛	16.13
Akzo 9¼ 87 LuxFr	500	89⅜	90⅜	+0⅛	0	11.59
Euratom 9¾ 88 LuxFr	500	84	85	+0⅛	−0⅛	13.45
Eurofima 10½ 87 LuxFr	500	90	91	+0⅛	0	12.76
EIB 9¾ 88 LuxFr	600	86	87	−0⅛	−1½	12.90
Volvo 9¼ 87 LuxFr	500	85⅞	86⅞	0	0	12.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¾ 90	0¼	98⅝	99⅛	18/12	16¾	16.94
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/7	16.44	16.54
CNT 5¼ 86	§0¼	99¼	99¾	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0¼	98	98½	5/8	17.31	17.62
Citicorp O/S Fin. 84	‡0	99	99½	29/7	18.69	18.83
C. Itoh 5¼ 87	0¼	98¾	99¼	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0¼	98⅜	98⅞	5/8	17.31	17.55
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/10	16.94	17.09
Genfinance 5¼ 92	0¼	99⅛	99⅝	30/12	18.31	18.43
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅜	23/9	19.06	19.23
GZB 5½ 89	‡0¼	98⅞	99⅜	1/8	17.31	17.51
GZB 5⅛ 92	‡0¼	98¼	98¾	5/9	17½	17.53
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/10	17.06	17.17
Ind. Bank Japan 5¼ 88	0¼	98⅜	99⅜	9/10	16.44	16.60
Lloyds Eurofin 8 90 £	0¼	97¼	98	6/1	13¾	13.96
Lloyds Eurofin 5¼ 92	0¼	98½	99	4/12	17.44	17.66
LTCB Japan 5¼ 86	0¼	99⅝	100⅛	13/12	17¼	17.27
Man. Hanov. O/S 5¼ 94	‡0⅛	99⅜	99⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0⅛	99⅞	100⅜	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0¼	98⅞	99⅜	5/12	17¼	17.57
Midland Int. Fin. 5 91	0¼	98¾	98⅝	30/10	16.81	17.09
Nacional Fin. 6⅛ 86	0¼	99	99½	25/7	17⅞	17.88
Nacional Fin. 5½ 88	0¼	96¾	97¼	25/9	14⅞	15.34
Nat. Bk. Canada 5¼ 88	0¼	97⅞	98⅜	24/9	14½	14.78
Nat. West. 5¼ 94	§0⅛	97¾	98¼	14/10	16.19	16.52
Nat. West. 5¼ 91	0¼	98½	99	15/7	5¼	5.32
Nat. West. 5¼ 92	§0¼	97⅞	98⅜	23/10	16.81	17.13
Pemex 6 91	0¼	96⅝	97⅛	8/10	15.31	15.79
Sparebanken 6 87	0⅛	97¾	98¼	19/12	16.81	17.13
Standard Chart. 5¼ 90	0¼	98⅞	99⅜	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0¼	99⅜	99⅞	15/1	18¼	18.19
Average price changes... On day 0 on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	101½	102½	−0⅛	1.74
Bow Valley Inv. 8 95	4/81	23.12	111	112¾	+1⅛	10.58
Canon 6¾ 95	1/81	829	187¼	189¼	−0⅛	0.15
Credit Suisse 4¾ 93	10/79	1236	78½	80½	−1½	−3.88
Digicon Fin. 8½ 95	10/81	29.5	97½	99	+0⅞	9.37
Fujitsu 5½ 96	7/81	732	111½	112½	+1	6.72
Furukawa Elec. 5¾ 96	7/81	300	113¾	114¾	−0¼	−1.57
Hanson O/S Fin. 9½ 96	8/81	2.74	88½	90	0	2.56
Ina Overseas 8¾ 2000	4/81	42	104½	105¾	−0⅛	0.92
Inchcape 8 95	2/81	4.55	68⅛	70	−0⅛	1.39
Kotobukiya Co 7 96	4/81	619	†92½	94	−0½	−2.88
Marion Int. Fin. 9 95	12/80	15.5	80¾	81½	0	19.39
Marui 6 96	7/81	931	99	100	−0⅛	−0.07
Matsushita El 7½ 95	11/80	590	94⅜	95¼	−0½	2.90
NKK 6½ 96	7/81	188	118½	119½	+3½	32.20
Ricoh 6¾ 95	8/80	604	161½	162¾	−2⅛	−3.07
Sumitomo M. Ind. 7 95	2/81	181	150¾	152½	+2⅛	0.95
Swiss Bk. Cpn. 6¾ 90	9/80	200	74	76	0	34.36
Taylor Woodrow 8¾ 90	1/81	4.94	88½	89¾	−0⅛	0.64
Transco Int. 8¾ 95	2/81	88	81⅞	83⅛	−0⅛	29.71
Tricorp 8½ 95	12/80	31.25	82⅜	83¾	+0⅛	7.84
Union Bk. Switz. 5 89	2/80	70.79	73⅜	75¼	+0⅛	6.19
Sharp Cpn 6½ 98 DM	9/80	595	208	209	−0⅛	−1.31
Uny Co. 6½ 85 DM	11/79	879.3	118¼	119¼	0	−1.87

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,491.4	4,986.5
Previous week	2,921.2	4,104.6
Other bonds		
Last week	494.3	282.3
Previous week	511.9	619.2

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by:

Kredietbank NV; Credit Commercial de France; Credit Lyonnais: Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe): Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 17

Offer

by

Morgan Grenfell & Co. Limited

on behalf of

F. & C. ENTERPRISE TRUST PLC

(Incorporated in England and Wales under the Companies Acts 1948 to 1980 with registered no. 1571089)

'FACET'

of

50,000,000 Ordinary Shares of 10p each (with Warrants attached) for subscription at a price of 20p per Share payable as to 12½p per Share on application and as to 7½p per Share on or before 2nd November, 1981

DIRECTORS

Quinton Hazell, C.B.E. *(non-executive Chairman)*,
Supra Group Limited, Marble House, Theatre Street, Warwick CV34 4DP.
Chairman of Supra Group Limited and a Director of The Foreign and Colonial Investment Trust Company, Limited, Phoenix Assurance Company Limited and Hawker Siddeley Group Limited. Aged 60.

Peter Lennox Burton *(non-executive)*,
Computer and Systems Engineering Limited,
Woodcock Hill Estate, Harefield Road, Rickmansworth, Hertfordshire WD3 1PL.
Managing Director of Computer and Systems Engineering Limited. Aged 51.

Peter Alfred Max Curry *(non-executive)*,
Unitech Limited, Phoenix House, Station Hill, Reading, Berkshire RG1 1NP.
Chairman and Joint Chief Executive of Unitech Limited. Aged 50.

The Hon. James Jonathan Nelson,
1 Laurence Pountney Hill, London EC4R 0BA.
Director of F. & C. Management Limited, F. & C. Atlantic Fund S.A. and F. & C. Oriental Fund S.A. and a Manager of Alliance Investment Company, Limited. Aged 34.

Andrew Charles Barker,
1 Laurence Pountney Hill, London EC4R 0BA.
Director of F. & C. Management Limited and Director and Manager of Alliance Investment Company, Limited. Aged 36.

Authorised	SHARE CAPITAL	*Issued and now being issued*
£7,000,000	in Ordinary Shares of 10p each	£5,000,000

The Ordinary Shares are being offered for subscription in units of 500 Ordinary Shares which will carry an entitlement to subscribe 50 further Ordinary Shares at a price of 20p per Share on 31st January in any of the years 1983 to 1991 inclusive. Registered warrants (the "Warrants") will be issued in respect of such rights to subscribe further Ordinary Shares.

Application has been made to the Council of The Stock Exchange for admission to the Official List of the Ordinary Shares and Warrants now being offered. Dealings will be in units (comprising 10 Ordinary Shares and a Warrant to subscribe one further Ordinary Share) until 20th November, 1981, being the last date for registration of renunciations of Letters of Allotment in fully-paid form. Thereafter Ordinary Shares and Warrants will be dealt in separately.

The Directors have been informed that applications will be received in respect of a total of 37,500,000 of the Ordinary Shares (with Warrants attached) now being offered. These applications will be accepted in full.

The procedure for application and an application form are set out at the end of this prospectus.

Manager
F. & C. Management Limited,
1 Laurence Pountney Hill,
London EC4R 0BA.

Solicitors to the Company
Norton, Rose, Botterell & Roche,
Kempson House,
Camomile Street,
London EC3A 7AN.

Receiving Bankers to the Issue and Bankers to the Company
Williams & Glyn's Bank Limited,
67 Lombard Street,
London EC3P 3DL.

Solicitors to the Offer
Slaughter and May,
35 Basinghall Street,
London EC2V 5DB.

Stockbrokers to the Company
Laing & Cruickshank,
The Stock Exchange,
London EC2N 1HA.

Registrars
Williams & Glyn's Registrars Limited,
P.O. Box 27,
34 Fettes Row,
Edinburgh EH3 6UT.

Auditors
Price Waterhouse (Chartered Accountants),
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Secretary and Registered Office
F. & C. Management Limited,
1 Laurence Pountney Hill,
London EC4R 0BA.

INTRODUCTION

FACET is an Investment Company which has been formed by F. & C. Management Limited ("F. & C. Management") to provide investors with an interest in young and emerging companies both in the United Kingdom and overseas. FACET will seek approval as an Investment Trust for tax purposes (see "Taxation" below). The Manager of FACET will be F. & C. Management, which provides investment management services to the companies known as the F. & C. Group.

Investment Policy

It is the policy of the Directors that FACET should invest in companies at an early stage in their growth and thus take advantage of the considerable number of attractive investment opportunities which come to the attention of F. & C. Management but which, by reason of size or low dividend distributions, do not fulfil the criteria for direct investment of other funds in the F. & C. Group. FACET will primarily look for long-term capital appreciation. The Directors expect that it will take some months to build up a portfolio of suitable investments, and for this reason the issue is being made on a partly-paid basis.

The greater part of FACET's United Kingdom investment will be in companies which intend to obtain a quotation on the Unlisted Securities Market or a full listing on The Stock Exchange. Investment overseas will largely be in companies in the United States and Japan which are quoted on the NASDAQ system in the United States and the various sections of the Stock Exchanges in Japan respectively. The portfolio will mainly consist of equity shares.

It is intended that FACET should hold a broadly diversified portfolio of investments with no restriction as to business sector. Not more than 15 per cent. by value of the portfolio of FACET will be invested in the securities of any one company (other than another investment trust which has been approved by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed on The Stock Exchange).

Investment in young companies usually requires a longer-term view and inevitably involves a greater degree of risk than investment in well established companies.

Although FACET may be represented on the Boards of some of the companies in which it invests, it will not take controlling interests in their share capital or be directly involved in their management.

The borrowing powers exercisable by the Directors of FACET under the Articles of Association are limited to a sum equal to the adjusted capital and reserves (as defined in the Articles). It is not the present intention that the Directors will exercise these powers in order to obtain gearing for the Ordinary Shares, but borrowing may prove desirable from time to time.

It is intended that FACET should issue quarterly reports on its progress to shareholders. It is envisaged that the first such report will be despatched in February 1982. The first audited accounts of FACET will be for the period from the date of incorporation to 30th September, 1982.

Dividend Policy

The type of company in which FACET will invest normally needs to retain a large proportion of its earnings to finance future growth and consequently has a conservative dividend policy. The Directors therefore expect that in early years FACET's net earnings will be low and its dividend distributions will be small. It is expected that dividends will be paid once a year for the time being.

The Directors of FACET propose to give notice to the Registrar of Companies of their intention that FACET should carry on business as an Investment Company pursuant to Section 41 of the Companies Act 1980, and FACET should thus obtain the benefit of this Section in regard to dividend distributions to shareholders.

Management

FACET's business will be managed by F. & C. Management in accordance with the policy laid down by the Board of FACET. F. & C. Management has entered into an Agreement with FACET under which it has agreed to manage FACET's business for a quarterly fee payable in arrear equal to ¼ per cent. of the value of the funds under management as defined in such Agreement. The Agreement is terminable by three years' notice on either side. F. & C. Management will conduct investigations into possible investments and make recommendations to the Directors and supervise the investments. This work will be undertaken by staff who have specialist expertise in making and managing investments in small and medium-sized companies both in the United Kingdom and overseas. In addition to the above-mentioned fee, FACET will reimburse to F. & C. Management any out-of-pocket expenses incurred by F. & C. Management in investigating possible investments on behalf of FACET.

F. & C. Management is the investment management company of the F. & C. Group and administers or advises on a discretionary basis funds with an aggregate value in excess of £600 million. It is wholly owned by The Foreign and Colonial Investment Trust Company, Limited, General Investors and Trustees, Limited, The Cardinal Investment Trust Limited and Alliance Investment Company, Limited, which four companies are all approved investment trusts listed on The Stock Exchange. These companies have indicated their intention to apply for an aggregate of 4,650,000 of the Ordinary Shares (with Warrants attached) now being offered (see sub-paragraph (ii) under "Disclosure of Interests" below).

Taxation

The Directors intend that FACET should satisfy the conditions enabling it to be approved as an Investment Trust for tax purposes in accordance with the provisions of Section 359 of the Income and Corporation Taxes Act 1970 (as amended). FACET will apply to the Inland Revenue for such approval and, if such approval is granted, FACET will, as a result of the Finance Act 1980, be exempt from corporation tax on its capital gains.

The income of FACET (other than franked investment income) will be subject to corporation tax in the normal way. Income arising outside the United Kingdom may in addition be subject to withholding taxes, but it is expected that double taxation relief will normally be available.

Shareholders in FACET (unless exempt from capital gains tax) may be liable to United Kingdom capital gains tax on chargeable gains arising from the disposal of their Ordinary Shares and Warrants.

The Directors have been advised that, on the basis of current legislation, the capital gains tax position in relation to the Warrants is as follows:–

(a) the cost of subscribing Ordinary Shares (with Warrants attached) will be apportioned between the Ordinary Shares and the Warrants;

(b) the Warrants will not constitute "wasting assets" for the purposes of the Capital Gains Tax Act 1979 and on the disposal of Warrants (which includes abandonment) the full cost of the Warrants will be allowable in computing any gain or loss; and

(c) a holder who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants, but the cost thereof will be added to the amount paid on exercise of the rights in computing the cost for the purposes of capital gains tax on the disposal of the Ordinary Shares acquired upon such exercise.

It is considered that FACET will not be a close company immediately following the completion of the issue now being made.

Accountants' Report

The following is the text of the Report received by the Directors from Price Waterhouse, Chartered Accountants, the Auditors of FACET:–

"The Directors,
F. & C. Enterprise Trust PLC,
1 Laurence Pountney Hill,
London EC4R 0BA.

Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

16th July, 1981

Gentlemen,

We report that F. & C. Enterprise Trust PLC was incorporated on 29th June, 1981. The company has not traded, prepared any accounts or declared or paid any dividends since that date.

Yours faithfully,
PRICE WATERHOUSE
Chartered Accountants"

PARTICULARS OF THE WARRANTS TO SUBSCRIBE ORDINARY SHARES OF FACET

Warrants will be issued subject to and with the benefit of the following conditions:–

1. Subscription Rights

(a) A registered holder for the time being (a "holder") of a Warrant shall have rights ("subscription rights") to subscribe in cash on 31st January (or, if later, the 30th day after the date on which copies of the audited accounts of F. & C. Enterprise Trust PLC ("the Company") for its then immediately preceding financial year are despatched to shareholders) in any of the years 1983 to 1991 inclusive (a "subscription date") all or any of the number of Ordinary Shares of the Company of which he is the registered holder of the right to subscribe at 20p per Share ("the subscription price") payable in full on subscription. The number and/or nominal value of Shares to be subscribed and the subscription price will be subject to adjustment as provided in paragraph 2(a) below.

(b) In order to exercise the subscription rights in whole or in part the holder of a Warrant must lodge it at the office of the Registrars of the Company not later than 7 days prior to the relevant subscription date, having completed the notice of subscription thereon, accompanied by a remittance for the subscription price of the Ordinary Shares in respect of which the subscription rights are exercised. Once lodged, a notice of subscription shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable.

(c) Not earlier than six weeks nor later than four weeks before each subscription date the Company shall give notice in writing to the holders of the outstanding Warrants reminding them of their subscription rights.

(d) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 14 days after and with effect from the relevant subscription date and certificates in respect of such Ordinary Shares will be issued not later than 28 days after the relevant subscription date to the persons in whose names the Warrants are registered at the date of such exercise or to such other persons as may be named in the form of nomination on the reverse of the Warrant. In the event of a partial exercise of the subscription rights comprised in a Warrant, the Company shall at the same time issue a fresh Warrant in the name of the holder for any balance of his subscription rights remaining exercisable.

(e) Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, made or paid in respect of any financial year of the Company prior to the financial year current at the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and *pari passu* in all other respects with the Ordinary Shares in issue at that date.

(f) Application will be made to the Council of The Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List, and the Company will use all reasonable endeavours to obtain the grant thereof not later than 14 days after the relevant subscription date.

(g) Within 7 days following the final subscription date the Company shall appoint a trustee who shall, provided that in his opinion the net proceeds of such sale after deduction of all costs and expenses incurred by him will exceed the cost of such subscription, within 14 days following the said final subscription date exercise such subscription rights as have not been exercised on the terms on which the same could have been exercised on the final subscription date and sell the Ordinary Shares acquired on such subscription. The trustee shall distribute *pro rata* the net proceeds less such costs and expenses to persons entitled thereto within two calendar months of the final subscription date, provided that entitlements of under £1 shall be retained for the benefit of the Company.

2. Adjustment of Subscription Rights

(a) After any allotment of fully-paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date or upon any subdivision or consolidation of the Ordinary Shares on or before such a date, the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights will be increased or, as the case may be, reduced in due proportion and the subscription price will be adjusted accordingly. On any such capitalisation, subdivision or consolidation the auditors for the time being of the Company shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to each holder of a Warrant together with a Warrant in respect of any additional shares for which that holder is entitled to subscribe in consequence of such adjustments, fractional entitlements being ignored.

(b) If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation (whether by rights issue or otherwise) to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then holders of the Warrants as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date.

3. Other Provisions

So long as any subscription rights remain exercisable:–

(a) the Company shall not (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully-paid Ordinary Shares, or (ii) issue securities by way of capitalisation of profits or reserves except fully-paid Ordinary Shares issued to the holders of its Ordinary Shares, or (iii) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such allotment as is referred to in paragraph 2(a) above or any such offer or invitation as is referred to in paragraph 2(b) above (except by extending to the holders of the Warrants any such offer as may be made by a third party);

(b) the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital, except for shares which carry as compared with the existing Ordinary Shares no more advantageous rights as regards voting, dividend or capital;

(c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount to par;

(d) the Company shall not (except with the sanction of an extraordinary resolution of the holders of the Warrants) reduce its share capital or (except as authorised by Section 56(2) or Section 58(5) of the Companies Act 1948) any share premium account or capital redemption reserve fund;

(e) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable;

(f) the Company shall not (except with the sanction of an extraordinary resolution of the holders of the Warrants) change its financial year end from 30th September except to a date falling within seven days before or after 30th September;

(g) if at any time an offer is made to all holders of Ordinary Shares of the Company (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a General Meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the holders of the Warrants of such vesting within 14 days of its becoming so aware, and each such holder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date;

(h) if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the holders of the Warrants), each holder of a Warrant shall (if in such winding up there shall be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights, which, taking into account the amounts payable on the exercise of the subscription rights, exceeds in respect of each Ordinary Share a sum equal to the subscription price) be treated as if immediately before the date of such order or resolution his subscription rights had been exercisable and had been exercised in full on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date, and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Share equal to the subscription price; subject to the foregoing all subscription rights shall lapse on liquidation of the Company;

(i) the Company shall not grant (or agree to grant) any option in respect of or create any rights of subscription for any Ordinary Shares of the Company the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription shall be subsisting at the date of such grant or creation, would exceed in the aggregate (leaving out of account the subscription rights conferred by the Warrants) 10 per cent. of the nominal amount of the Ordinary Shares then in issue, nor (except with the sanction of an extraordinary resolution of the holders of the Warrants) will the Company grant (or agree to grant) any option in respect of or create any rights of subscription for or issue any loan capital carrying rights of conversion into Ordinary Shares if the price at which any such option or right is exercisable is lower than the subscription price for the time being.

4. Modification of Rights

All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the holders of the Warrants. All the provisions of the Articles of Association for the time being of the Company as to General Meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be the holders (present in person or by proxy) entitled to subscribe one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants, (b) every holder of a Warrant present in person at any such meeting shall be entitled on a show of hands to one vote and every such holder present in person or by proxy shall be entitled on a poll to one vote for every Ordinary Share for which he is entitled to subscribe, (c) any holder of a Warrant present in person or by proxy may demand or join in demanding a poll, and (d) if at any adjourned meeting a quorum as above defined is not present, those holders of Warrants who are then present in person or by proxy shall be a quorum.

5. Purchase

The Company and its subsidiaries shall have the right to purchase Warrants in the market or by tender available to all holders of the Warrants alike at any price or by private treaty at a price not more than 10 per cent. in excess of the middle market quotation for the Warrants on the previous dealing day. All Warrants so purchased shall forthwith be cancelled and shall not be available for re-issue or re-sale.

6. Transfer

Each Warrant will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors of the Company. No transfer of a right to subscribe for a fraction of an Ordinary Share of the Company may be effected.

7. General

The Company will concurrently with the issue of the same to its ordinary shareholders send to each registered holder of a Warrant (or in the case of joint holders to the first-named) a copy of each published annual report and accounts of the Company, together with all documents required by law to be annexed thereto, and a copy of every statement, notice or circular issued to ordinary shareholders.

For the purposes of these Particulars, "extraordinary resolution" means a resolution proposed at a meeting of the holders of the Warrants duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

STATUTORY AND GENERAL INFORMATION

Share Capital

FACET was incorporated as a public limited company in England and Wales under the Companies Acts 1948 to 1980 on 29th June, 1981 with an authorised share capital of £50,000 divided into 500,000 Ordinary Shares of 10p each. On 16th July, 1981 the authorised capital of FACET was increased to £7,000,000 by the creation of an additional 69,500,000 Ordinary Shares of 10p each and FACET adopted new Articles of Association.

Articles of Association

The Articles of Association of FACET contain *(inter alia)* provisions to the following effect:–

(1) Directors

(a) The Directors shall be entitled to remuneration for their services in each year of such sum as they shall determine not exceeding in the aggregate £30,000 or such greater sum as shall be authorised by FACET in General Meeting. In addition the Directors may be repaid all travelling and hotel expenses incurred by them in the performance of their duties including expenses of attending and returning from meetings of the Board of Directors or General Meetings of FACET. Any Director who by arrangement with the Board performs services outside his ordinary duties as a Director may be paid such special or additional remuneration as the Board of Directors may determine.

(b) A Director is not required to hold any qualification shares in FACET.

(c) Save as provided in the Articles, a Director may not vote in respect of any contract or arrangement in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities or otherwise in or through FACET. A Director may not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(d) The Directors may exercise all the powers of FACET to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director provided that, without the approval of FACET in General Meeting, no such pension or other benefit shall be granted to a Director or former Director who has not been an Executive Director or held any other office or place of profit under FACET or any of its subsidiaries.

(e) The Articles do not contain any provision excluding the operation of Section 185 of the Companies Act 1948 in relation to the retirement of Directors at the age of 70.

(2) Borrowing Powers

The Directors may exercise all the powers of FACET to borrow money and to mortgage or charge all or any part of its undertaking, property and assets both present and future including uncalled capital. The aggregate amount for the time being owing by FACET and its subsidiaries in respect of any moneys borrowed by FACET and its subsidiaries (exclusive of inter-company borrowings) may not at any time without the prior sanction of FACET in General Meeting exceed a sum equal to the adjusted capital and reserves (as defined in the Articles).

(3) Capital Reserve

Any surplus over the book value derived from the sale or realisation of any investment or other capital asset shall be credited to a capital reserve or applied to some capital purpose. There shall also be credited to such reserve or applied as aforesaid any other sums representing accretions to capital assets including any sums resulting from the writing up of the book values of any capital assets. The capital reserve shall not be available for dividend but may be used to meet depreciation of capital assets or for the improvement of capital assets or for such other capital purposes as the Board may think fit. Any taxation arising in consequence of the disposal of any capital asset and any deficit below book value resulting from the disposal of any capital asset may be debited in whole or in part against such reserve.

(4) Issue of Securities

The Directors have a general authority, which will remain in force until the first Annual General Meeting of FACET, to exercise all the powers of FACET to allot relevant securities of FACET (as defined in Section 14 of the Companies Act 1980). The maximum nominal amount of relevant securities that may be allotted under such authority is £7,300,000 inclusive of the Shares now being issued: Provided that, in relation to any allotment (other than upon the exercise of the subscription rights attaching to the Warrants) made after the present issue, the nominal value of the total number of Shares issued for cash pursuant to such authority (otherwise than by way of rights to existing holders of Ordinary Shares in proportion to the numbers of Shares held by them) shall not exceed 5 per cent. of the authorised share capital of FACET. This authority extends to the making, before the first Annual General Meeting, of an offer or agreement which would or might require securities to be allotted after expiry of the authority, and accordingly the Directors may subsequently allot relevant securities in pursuance of any such offer or agreement.

The provisions of Section 17(1) of the Companies Act 1980 do not apply to any allotment made pursuant to this authority.

(5) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person and entitled to vote at a General Meeting of FACET shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

If compliance is not made with any notice given by FACET under Section 27 of the Companies Act 1976 requiring disclosure of the beneficial interests in any shares, FACET may serve notice on the registered holder of such shares to the effect that such shares will not carry any voting rights until the requirement is complied with.

Underwriting and Expenses

Under an Agreement dated 16th July, 1981 and made between FACET and Morgan Grenfell & Co. Limited, Morgan Grenfell & Co. Limited has agreed, subject to the Council of The Stock Exchange admitting to the Official List not later than 24th July, 1981 the Ordinary Shares and Warrants now being offered, to underwrite the issue for a commission of 1¾ per cent. (plus value added tax) of the total subscription price, out of which it will pay a commission of 1¼ per cent. (plus value added tax) to sub-underwriters and to those persons who have already indicated to the Directors their intention to apply and its own legal expenses.

FACET will pay the costs and expenses of and incidental to the issue of the Ordinary Shares (with Warrants attached) now being offered and the application for the listing of such Shares and Warrants, including the above-mentioned 1¾ per cent. commission, brokerage of ½ per cent. where applicable (see "Procedure for Application" below), a fee to F. & C. Management of £10,000 plus value added tax for services in relation to the issue, a fee to the brokers to FACET of £4,000 plus value added tax, capital duty, accountancy and legal expenses, the cost of printing, advertising and circulating this prospectus, preliminary expenses of £500 and the fees and expenses of the receiving bankers and the registrars. The aggregate of these costs and expenses is estimated at £470,000 including value added tax.

Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by FACET since its incorporation and are or may be material:–

(i) Dated 16th July, 1981 between FACET (1) and F. & C. Management (2) under which F. & C. Management has agreed to manage FACET's business on the terms referred to under "Management" above.

(ii) Dated 16th July, 1981 between FACET (1) and Morgan Grenfell & Co. Limited (2) being the Agreement referred to under "Underwriting and Expenses" above.

Disclosure of Interests

(i) There are no service contracts existing between FACET and any of its Directors, and no such contracts are proposed.

(ii) The Foreign and Colonial Investment Trust Company, Limited ("Foreign and Colonial"), General Investors and Trustees, Limited, The Cardinal Investment Trust Limited and Alliance Investment Company, Limited ("Alliance"), which

E & C. ENTERPRISE TRUST PLC *continued*

companies together own the whole of the issued share capital of F. & C. Management, have indicated their intention to apply for 1,300,000, 425,000, 425,000 and 2,500,000 respectively of the Ordinary Shares (with Warrants attached) now being offered. These applications will be accepted in full, and these companies will, as indicated under "Underwriting and Expenses" above, receive a commission of 1¼ per cent. plus value added tax on their subscriptions.

(iii) Mr. Quinton Hazell owns 800 ordinary shares in and is a Director of Foreign and Colonial. The Hon. J. J. Nelson is a Director of F. & C. Management, owns 14,000 ordinary shares in Foreign and Colonial and owns 5,000 ordinary shares in and is a Manager of Alliance. Mr. A. C. Barker is a Director of F. & C. Management, owns 2,200 ordinary shares in and is a Director and Manager of Alliance and owns 1,000 partly-paid ordinary shares in Foreign and Colonial and 3,000 restricted fully-paid ordinary shares relating thereto issued pursuant to capitalisation issues.

(iv) No Director of FACET has any interest, direct or indirect, in any assets which have been, since the date of incorporation, acquired or disposed of by or leased to FACET or which are proposed to be so acquired, disposed of or leased.

(v) Save as disclosed in sub-paragraphs (ii) and (iii) above, no Director of FACET has a material interest in any contract or arrangement entered into by FACET which is significant in relation to the business of FACET.

(vi) As at the date hereof, no Director of FACET has any interest (as defined in the Companies Act 1967, as amended) in the share capital of FACET.

(vii) On the basis of the intentions to apply notified to the Directors of FACET, the following will have interests of 5 per cent. or more of the issued share capital of FACET on allotment of the Ordinary Shares applied for:—

Alliance Investment Company, Limited	2,500,000 Ordinary Shares	5 per cent.
Merchant Navy Officers Pension Fund Trustees Limited	5,000,000 Ordinary Shares	10 per cent.
Standard Life Assurance Company	2,500,000 Ordinary Shares	5 per cent.

General

(i) Save as disclosed under "Share Capital" and "Underwriting and Expenses" above:—

(a) no share or loan capital of FACET has been issued or agreed to be issued for cash or otherwise since its incorporation; and

(b) no commissions, discounts, brokerages or other special terms have been agreed by FACET since its incorporation in connection with the issue of any of its share capital.

(ii) No share or loan capital of FACET is under option or agreed conditionally or unconditionally to be put under option other than the 5,000,000 Ordinary Shares which may be issued pursuant to the Warrants.

(iii) Apart from the issue of Ordinary Shares being made hereunder, no material issue of shares (other than to shareholders pro rata to existing holdings) will be made within one year of the date of this prospectus, and no issue will be made which could effectively alter the control of FACET, in either case without the prior approval of FACET in General Meeting.

(iv) FACET is not engaged in any litigation and does not have any claim of material importance pending or threatened by or against it.

(v) The minimum amount which in the opinion of the Directors must be raised by the issue in order to provide for the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948 is £10,000,000 made up as follows:—

(a) purchase price of property—nil

(b) preliminary expenses and expenses of the issue—£470,000

(c) repayment of money borrowed—nil

(d) working capital available for investment—£9,530,000

(vi) Of the amount payable on application, 2½p per Share represents part payment of par value and 10p per Share represents the full amount of the premium.

(vii) The Directors are satisfied that, taking into account the net proceeds of the issue, FACET will have sufficient working capital for its present purposes.

(viii) FACET has not yet commenced business and has no subsidiaries.

(ix) FACET has no borrowings or indebtedness in the nature of borrowing.

Consents and Documents

Price Waterhouse have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of their Report set out above in the form and context in which it is included.

There were attached to the copy of this document delivered to the Registrar of Companies for registration copies of the Report by Price Waterhouse and their written consent referred to above and of the contracts referred to under "Contracts" above.

Copies of the following documents will be available for inspection at the offices of Norton, Rose, Botterell & Roche, Kempson House, Camomile Street, London EC3A 7AN during usual business hours on any weekday (Saturdays and public holidays excepted) until 3rd August, 1981:—

(i) the Memorandum and Articles of Association of FACET;

(ii) the contracts referred to above; and

(iii) the Report and written consent referred to above.

16th July, 1981.

PROCEDURE FOR APPLICATION

All applications for the Ordinary Shares (with Warrants attached) now being offered must be for a minimum of 500 Shares or a multiple thereof. Each application must be made on the form provided and be accompanied by a cheque drawn in sterling on a bank in and payable in England, Scotland or Wales for 12½p per Share and be *forwarded to Williams & Glyn's Bank Limited*, 67 Lombard Street, London EC3P 3DL so as to arrive not later than 10 a.m. on Thursday, 23rd July, 1981. Cheques must be made payable to "Williams & Glyn's Bank Limited" and be crossed "Not Negotiable."

Brokerage of ½ per cent. on the full subscription price of 20p per Share will be allowed to recognised banks and stockbrokers on allotments made in respect of applications bearing their stamp and value added tax registration number (if applicable). Brokerage will not, however, be paid in respect of (a) allotments made on applications received from those persons who have already indicated their intention to apply (save to the extent that they apply for additional Ordinary Shares) or (b) allotments which arise out of an underwriting commitment.

Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the Ordinary Shares and Warrants now being offered to the Official List not later than 24th July, 1981. Moneys paid in respect of applications will be returned if such admission is not granted by that date and in the meantime will be retained by Williams & Glyn's Bank Limited in a separate account.

All cheques are liable to be presented *for* payment on receipt, and FACET reserves the right to instruct Williams & Glyn's Bank Limited to retain Letters of Allotment and any surplus application moneys pending clearance of applicants' cheques. The right is reserved to reject any application or to accept any application in part only and in particular to reject multiple or suspected multiple applications. The right is also reserved to treat as valid any applications which do not fully comply with the conditions set out in the application form. If any application is not accepted, the amount paid on application will be returned in full and, if any application is accepted for fewer Ordinary Shares than the number applied for, the balance of the amount paid on application will be returned, in each case by cheque through the post at the applicant's risk.

Payment of the instalment of 7½p per Share must be made on or before 2nd November, 1981. No discount or interest will be allowed on any prepayment. Failure to pay the instalment on or before the due date will render the amount paid on application liable to forfeiture and the allotment liable to cancellation. Interest at the rate of 18 per cent. per annum may be charged on the instalment if accepted after its due date.

Partly-paid renounceable Letters of Allotment in respect of Ordinary Shares (with Warrants attached) will be sent by post to successful applicants at their risk. The last date for registration of renunciations fully-paid is 20th November, 1981, after which the Warrants will be transferable separately from the Ordinary Shares. Pending the issue of share certificates and Warrants, instruments of transfer of Ordinary Shares or of Warrants will be certified against the respective registers. Share certificates and Warrants will be despatched by 11th December, 1981.

Copies of this prospectus with application forms may be obtained from:—

Morgan Grenfell & Co. Limited, New Issue Department, 21 Austin Friars, London EC2N 2HB

F. & C. Management Limited, 1 Laurence Pountney Hill, London EC4R 0BA

Laing & Cruickshank, The Stock Exchange, London EC2N 1HA

Williams & Glyn's Bank Limited, 67 Lombard Street, London EC3P 3DL

Williams & Glyn's Bank Limited, P.O. Box 356, 38 Mosley Street, Manchester M60 2BE

The Royal Bank of Scotland Limited, 36 St. Andrew Square, Edinburgh EH2 2YB

The Royal Bank of Scotland Limited, 98 Buchanan Street, Glasgow G1 3BA

APPLICATION FORM FOR ORDINARY SHARES (WITH WARRANTS ATTACHED)

The Subscription List for the Ordinary Shares (with Warrants attached) now being offered will open at 10 a.m. on 23rd July, 1981 and may be closed at any time thereafter.

This form when completed should be forwarded to Williams & Glyn's Bank Limited, 67 Lombard Street, London EC3P 3DL, to arrive not later than 10 a.m. on 23rd July, 1981, with a cheque drawn in sterling on a bank in and payable in England, Scotland or Wales. Cheques must be payable to "Williams & Glyn's Bank Limited" and be crossed "Not Negotiable" and a separate cheque must accompany each application.

F. & C. ENTERPRISE TRUST PLC

(Incorporated in England and Wales under the Companies Acts 1948 to 1980 with registered no. 1571089)

OFFER OF 50,000,000 ORDINARY SHARES OF 10p EACH (WITH WARRANTS ATTACHED) FOR SUBSCRIPTION AT 20p PER SHARE, PAYABLE AS TO 12½p PER SHARE ON APPLICATION AND AS TO 7½p PER SHARE ON OR BEFORE 2nd NOVEMBER, 1981

★Number of Shares applied for	**Amount of cheque enclosed at 12½p per Share
	£

**Examples of amounts payable on application

500 Shares	£ 62.50
1,000 Shares	£ 125.00
2,000 Shares	£ 250.00
5,000 Shares	£ 625.00
10,000 Shares	£1,250.00
20,000 Shares	£2,500.00

★Application may only be made for a minimum of 500 Ordinary Shares (with Warrants attached) or a multiple thereof.

To F. & C. ENTERPRISE TRUST PLC

Gentlemen,

I/We enclose a cheque payable to *Williams & Glyn's Bank Limited for* the above-mentioned sum, being the amount payable on application in respect of the stated number of Ordinary Shares of 10p each (with Warrants attached) at 12½p per Share, and I/we hereby apply for that number of Shares. I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus dated 16th July, 1981, subject to the Memorandum and Articles of Association of the Company and on the basis that the first registered holder of such Shares will be entitled to receive a Warrant in respect of rights to subscribe Ordinary Shares of the Company. I/We hereby authorise and request you to send me/us a renounceable Letter of Allotment for the number of Ordinary Shares (with Warrants attached) in respect of which this application is accepted, together with a cheque, if applicable, for any surplus application moneys, by post at my/our risk to the address first given below, and to arrange for my/our name(s) to be placed on the register of members in respect of so many of such Shares as are not duly renounced by me/us, and on the register of Warrantholders in respect of the Warrants attributable thereto.

I/We understand that due completion and delivery of this Application Form will constitute a warranty that the cheque will be honoured on first presentation.

I/We undertake to pay on or before 2nd November, 1981 *the instalment of 7½p per* Share on all Shares allotted to me/us.

Dated ...., 1981.

1. Signature ....

BLOCK CAPITALS

Forename(s) in full ....

Surname (State Mr., Mrs., Miss or Title) ....

Address (in full) ....

(The spaces below are for use in case of joint applications)

2. Signature ....

BLOCK CAPITALS

Forename(s) (in full) ....

Surname (Mr., Mrs., Miss or Title) ....

Address (in full) ....

3. Signature ....

BLOCK CAPITALS

Forename(s) (in full) ....

Surname (Mr., Mrs., Miss or Title) ....

Address (in full) ....

PLEASE PIN CHEQUE HERE

In the case of joint applications all joint applicants must sign; in the case of a corporation this form must be signed by an authorised official whose designation must be stated.

Stamp of recognised bank or stockbroker claiming brokerage.

Value added tax registration number (if applicable) ....

Dealings on Letters of Allotment until 20th November, 1981 (the last date for registration of renunciation) will be in units comprising ten Ordinary Shares and a Warrant. After 20th November, 1981, Ordinary Shares and Warrants will be dealt in separately.

Applicants are advised to allow two days for delivery through the post and to use first class mail.

No receipt will be issued for the amount paid on application, but an acknowledgement will be forwarded in due course either by a renounceable Letter of Allotment (together, if applicable, with a cheque for any amount overpaid) or by a cheque for the amount paid on application, in each case through the post at the applicant's risk.

The right is reserved to reject or scale down any applications, to present all cheques for payment on receipt and to retain Letters of Allotment and surplus application moneys pending clearance of applicants' cheques.

BUILDING AND CIVIL ENGINEERING

Welsh way underway at £34m cost

THE FIRST three-mile stretch of the Colcon Expressway in North Wales is costing the Welsh Office £34m under a project to be undertaken by a consortium of Fairclough Civil Engineering and Sir Alfred McAlpine and Son (Northern).

This will take three and a half years to build and will run from Llanddulas to the Dingle, Colwyn Bay. Ten bridges on the route will be constructed by Fairclough Civil Engineering's northern division of Adlington, Lancashire, and the road and retaining walls built by McAlpine.

Purpose of this scheme is to help reduce traffic congestion on a busy holiday route into North Wales, and half the new road's length will sweep along the foreshore.

It will be supported by a substantial embankment for most of the distance and cross cliffs which will be strengthened to carry the new road.

Incorporated in the bridges along the full three miles of road are steelwork, insitu post tensioned concrete, pre stressed concrete and reinforced concrete. The biggest structure will be a multi-span bridge 150 metres long, taking the road over a railway line.

Contractors must excavate 800,000 cubic metres of earth to pave the way for road construction, build 1.8 km of retaining walls, and construct a grade separated interchange close to the promenade at Old Colwyn.

Also included in the scheme are lighting, traffic signs and drainage.

Work is expected to start next month under a 182 week term, creating between 50 and 100 new construction jobs.

Mowlem busy in north—heading

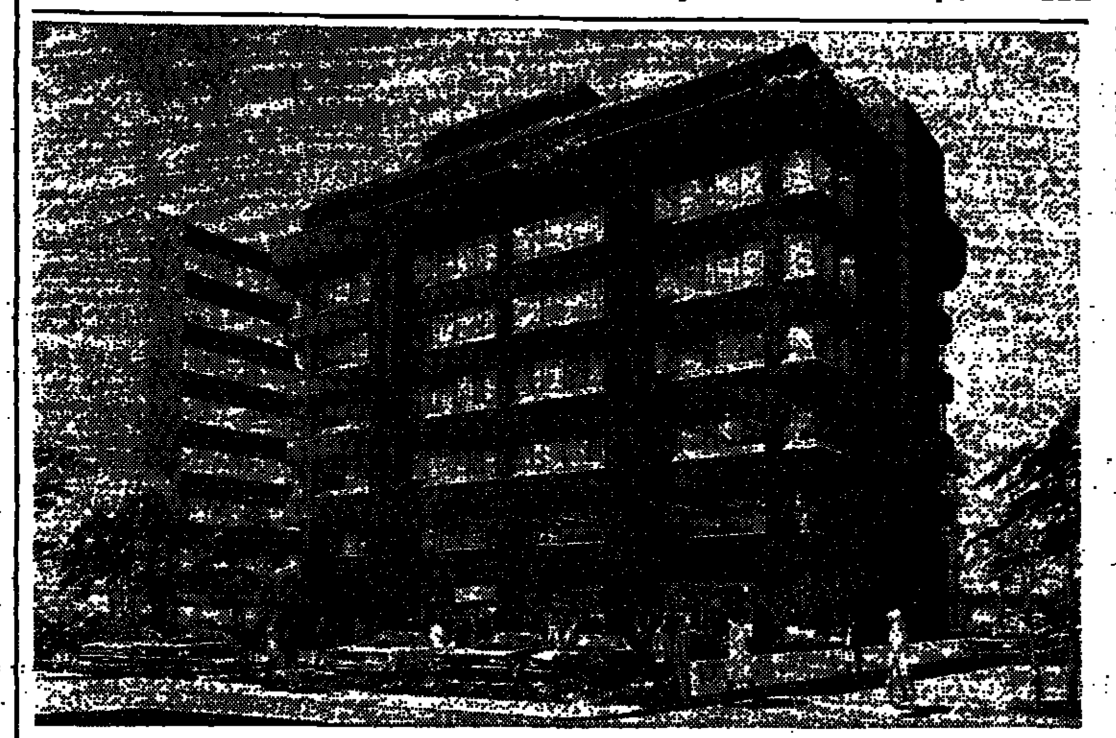
Attracting new industry to South Wales is the purport of factory units to be constructed by Fairclough. These will be at Briton Ferry and Swansea and, says the company, are the biggest projects to be undertaken by its Wales and South Western Division, which is based at Taffs Well, Cardiff.

Totalling £1.4m, work includes a £520,000 package for three factory units (one with floor area of 2,366 square metres, and two each covering 930 square metres) at Briton Ferry, near Bridgend, for the Welsh Development Agency.

Work started a couple of weeks ago under a 42 week programme.

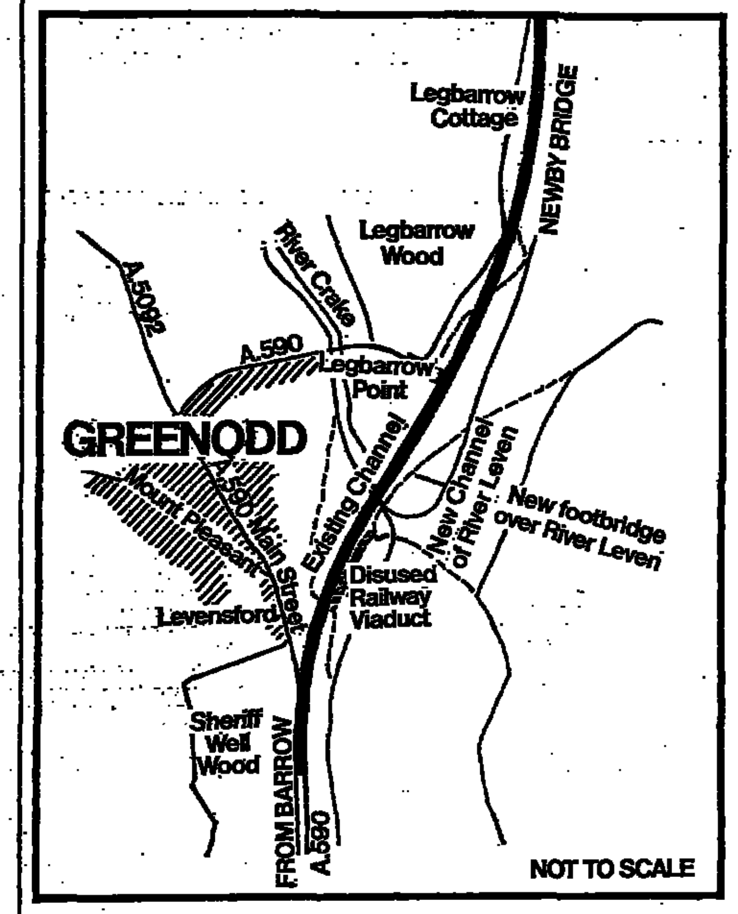
A £320,000 contract for the City of Swansea comprises 21 small fctory units on the Winch Wen Industrial Estate, Swansea.

Rest of the division's jobs include building a new Islamic centre and mosque in Cardiff (£260,000); extensions to the Old House pub, Llangynwyd, Maesteg (£29,000); re-roofing a store at Lampeter (£17,000); and diverting a sewer to pave the way for a new office block in Cardiff (£35,000).



Artist's impression of Legal and General *Assurance Society's office building in* Uxbridge Road, Ealing. Farrow Construction has secured the £3.3m contract on which it starts work this month. The building is of reinforced concrete and is specially designed for low energy consumption yet promises *to provide comfortable working conditions* without the need for air conditioning, says architect Cecil Denny Highton Partnership. It is expected to be ready for occupation in fifteen months and will probably accommodate 300 or so people.

Trunk roads progress in Cumbria



THE DEPARTMENT of Transport has announced a £4.2m award to Balfour Beatty for a threequarter-mile long diversion through traffic from the village, of the A590 at Greenodd in Cumbria which will remove promising residents improved safety and living conditions.

Mainly dual carriageway, built on a low embankment within the present channel of the River Leven, the new road will be diverted east of the new road.

The River Crake will be extended to meet the new channel of the Leven, without the necessity to demolish dwellings.

There are to be two bridges—one will carry the new road over the extension of the River Crake and a pedestrian footbridge across the diverted River Leven. The disused railway viaduct across the present channel of the Leven is to be demolished.

Allot and Lomax (under the direction of the Department's north western road construction unit) are consulting engineers of the scheme which should start soon with completion expected to take about 27 months.

Lakeland

A tender of £1.7m from Cumbrian Industrials has been accepted by the Department of Transport for diverting the A66 trunk road at Troutbeck in the Lake District between Penrith and Keswick. Work in this National Park area will start shortly and should take about two years to complete.

This is considered by the Department to be a particularly worthwhile improvement as the road is presently undulating with poor visibility causing slow moving vehicles to delay other road users.

The new road promises to be better, wider and straighter—making faster and safer conditions for traffic. It will be 1.6 miles long with a 24 feet wide carriageway and 3 ft 3ins strips on each side. At the same time, the junction with the A5091 side road to Dockray and Ullswater will also be improved.

Healthy work for Whyatt

THE SOUTH West Thames Regional Health Authority has placed two schemes, together worth £2.5m, with Whyatt Builders, part of the Finlas Group.

First project starts this month and will provide 158 residential units in several blocks for the new Redhill District General Hospital.

Commencing next month, the company will be involved at Queen's Hospital, Thornton Heath, Surrey, where provision will be made for 46 bed-sitting room flats.

Allen Group projects

WORK FOR Warrington and Runcorn Development Corporation includes 100,000 sq ft of advance factories at Whitehouse Industrial Estate, which has been awarded to the Allen Group, bringing newly-announced contracts up to £1.6m in value.

Other jobs in this total include an industrial development in Liverpool for the Brighouse Brick Tile and Stone Company (worth £½m) and an infill development of nursery factories at Preston (value £338,000) for Central Lancashire Development Corporation.

Cleaning up the Tees

FISH STOCKS will be restored—*and pollution greatly reduced*—in the lower reaches of the north east's River Tees.

Domestic sewage previously pumped into the river will now be treated at a new sewage works near Stockton-on-Tees for which the Council has awarded a £1.9m tunnelling and pipeline contract to Fairclough Civil Engineering.

Work has already started on the scheme which includes other sewage projects in an 18-year programme. Fairclough will lay one kilometre of 1.35 metres diameter concrete pipeline in a trench, and about 1.2 kilo*metres of tunnel will be driven* through soft ground and lined with bolted concrete tunnel segments.

Compressed air will be pumped into the tunnel during the tunnel drive with the purpose of keeping the workings water-free. Concrete segments from the company's own precast factories will be used to line the tunnel.

Scheduled to take about 78 weeks to complete, the contract at its peak will create about 50 much needed new jobs on Teesside.

Mowlem in Leeds

BUILDING WORK in Leeds is worth about £2.3m to Mowlem Northern which has won three contracts in the area.

Rebuilding offices above the Liverpool-based Lewis's department store in the Headrow is worth around £1m and includes demolition of the fourth and fifth floors office accommodation, construction of new improved office suites and a first floor reception area.

Valued at just under £1m is the provision of residences for the new Leeds General Infirmary, involving converting and extending a former college of art.

Work at the Maler Industrial Estate, Pontefract Lane, involves five factory units each 200 square metres, valued at £300,000, for developer Lewis Mercado.

Concrete all at sea

REVISED AND up-dated to meet current Codes of Practice is "Concrete in Maritime Works" (price £1.50) available from the Cement and Concrete Association, Wexham Springs, Slough SL3 6PL.

This second edition, by R. T. Allen, MA FICE FIHE FCIOB, describes the circumstances influencing the performance of structures in a marine environment and the necessities for production of dense, impermeable concrete to resist these conditions.

The publication gives pointers on the choice and proportioning of materials, construction of movement joints, and construction methods both above and below water.

British furnaces for Indonesia

THE STATE-OWNED Indonesian oil company, Pertamina, has granted a £19m order to S. W. Farmer Group's Farmer Plant Engineering for the supply of furnaces for the country's Balikpapan Refinery expansion in East Kalimantan.

Included in the contract are furnace modules and ducting for the hydro skimmer, hydrotreater, platformer and vacuum units.

Bechtel Great Britain has placed the order on behalf of Pertamina, and the furnace thermal design, mechanical design, procurement and inspection is being carried out by Born International of Brighton under an existing separate engineering management contract.

In order to ensure that work on site in Indonesia is simplified, the furnace modules will be shipped complete with refractory lining and installation of tubes.

The refinery expansion is costing a billion American dollars and is being executed by Bechtel to increase Balikpapan's capacity from 60,000 barrels a day to 260,000 barrels.

When completed, the refinery will produce petrol, aviation fuels, liquid petroleum gas, kerosene, diesel fuel and fuel oils.

More jobs for Jones

FOLLOWING THE completion of the foundation work which formed the first phase of Rank Hovis McDougall's head office at Alma Road, Windsor, the second phase contract for the super-structure has now gone to J. M. Jones and Son of Maidenhead.

This has been negotiated on a variable price basis and has a value of £5.8m.

Geared to be completed within 21 months, the work comprises erection and completion of a fully air conditioned head office building of one, two and three storeys built around a central courtyard.

The new building will have piled foundations to the main entrance link to the area occupied by Kiplings Buildings, insitu – reinforced concrete frame, surface ground beds and suspended troughed and solid slabs, external hollow walls with block inner leaves and facing bricks externally featured with pilasters.

Also bands and deep splayed window reveals, timber roofs with structural steel supports built off a reinforced concrete Welsh slates and bronze coloured aluminium sheeting, triple glazed teak windows, troughed slab and clad with internal reinforced concrete walls, block partitions, demountable partitions, suspended ceilings, and so on.

A large semi-underground car park is covered entirely by the building, and there is an extensive deck area which will incorporate varied paving and planting to blend with the landscaping of the site, and at the same time conceal the parked cars.

Sidcup and Bristol office developments

COMPLETING THE total allocation of office space in the town of Sidcup, Kent, is a development which, on completion, will be worth £2m.

Office space of 15,300 sq ft has been purchased by Bryant Properties which creates office accommodation on five floors. The site is at 8-10 Station Road, just a few minutes away from the shops and railway station.

The company has not yet announced a starting date for the work but construction is scheduled to take about 12 months.

A joint company has been formed by Bryant Properties (Solihull) and Lescren Western to develop a 48,500 sq ft office building in the centre of Bristol. To be known as Bryant-Lescren, it hopes to complete this project in the spring of 1983 and says the office development will be worth around £3.5m.

Said to be one of the best office locations in the city, the freehold site is at 138-142 Redcliffe Street, which was formerly Courtaulds' multi-storey warehouse building.

Outline planning consent provides for a five-storey building built to high specification ad*joining the central core of the* city next to the floating harbour.

Design and build boost

ANNOUNCEMENT OF new contracts just won by Bristol-based JT Group emphasises the growing trend towards design and build, says the company.

This approach allows a much faster lead in time for contracts and the flexibility within the system, giving many advantages to the client, asserts JT Group.

Included in over £3m's worth of work announced this week are a new warehouse for W. H. Smith in Cardiff (£230,000); a Whitbreads pub on the Hampstead Valley Estate at Gillingham *(£440,000)*; new sports hall for Bristol's Clifton College (£386,000); new hospital store for Hertfordshire Area Health Authority at St Albans (£140,000); warehouse project for MEPC at Reading, and another for the same client at Greenford (£900,000) and laboratory and office complex for Frincon Holdings at Herschel Street, Slough (£900,000).

IN BRIEF

- North British Properties' first office development in Manchester is worth £460,000 to Wimpey Construction (UK) which will build a five-storey 14,500 gross square feet block in Queen Street.
- Curtain walling and glazing at Birmingham Airport's Elmdon development will be provided by Percy Lane (Architectural) under a contract worth £600,000.
- Talbot Motor Company has awarded a £130,000 project to Miller Buckley for the construction of a 6,000 sq metre concrete hard standing and alterations to an existing building at Stoke works, Coventry.
- Member of the British Underwater Engineering Group, British Oceanics, has been awarded the "as laid" survey and inspection contract for Marathon Oil UK's Brae to Forties field pipeline. This covers 74 miles of 30 inch diameter line currently being laid by the Brown and Root barge Semac One and will provide data on the line's condition, profile and precise position for the client's final project acceptance.
- Hunting Gate has pre-let an office development in Crawley, West Sussex, to the Midland Bank which has accepted the 18,900 sq ft building at more than £7 a sq ft.
- Orbit General Housing has contracted Walter Lawrence and Son at more than £1.5m to build a single, seven-storey *block of 39 cluster flats, common* room and laundry facilities at St Francis' Hospital, Dulwich.

APPOINTMENTS

Managing director at Black and Decker

Mr N. P. Hamilton has been appointed managing director of BLACK AND DECKER. He succeeds Mr A. J. McCann, who has become president of Black and Decker's European Group. Mr Hamilton was previously general manager of the UK company. Mr R. H. Thomas, general manager, consumer products, is also appointed to the board.

★

Mr Larry D. Gibb has joined SCANDINAVIAN BANK as deputy managing director responsible for the bank's operations in Europe, Denmark, Finland, Iceland and Norway and the international syndications department.

★

Mr Tony Jannece has been appointed executive chairman of the GOULD ADVANCE GROUP, which includes Gould Instrument division at Hainault, Essex, and the Gould Power Conversion division plants at Bishop's Stortford, Herts., and Rhosymedre, Clwyd.

★

Mr Don Fisher has been elected president for 1981-82 of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION. Mr Albert McVean has become senior vice-president and Mr Eddie Lapidge, junior vice-president.

★

Mr Alan Edwards has been appointed director of service at PHILIPS BUSINESS SYSTEMS, a member of the Philips Group.

★

Mr Brian Banks, Mr Roger Porter and Mr Edward J L Coltman have been appointed directors of DUNBAR GROUP.

★

Mr J F Green has become managing director of URWICK DYNAMICS, the computer consulting division of the Urwick Group. Mr Green succeeds Mr P T Bridgman who has been appointed group managing partner.

Mr R J A Harmer has been appointed to the SIMPLIFICATION OF INTERNATIONAL TRADE PROCEDURES BOARD (SITPRO) for three years.

★

TOWRY LAW has made the following appointments: Mr P J Tonkin has been appointed managing director of Towry Law Investment Services. Mr D M Horne and Mr R C K Douglas have become directors of Towry Law and Company. Mr P. W. Metcalf is made managing director of Towry Law (Channel Islands) and Miss B J Gibson a director of Towry Law Trustee Company.

★

GMS COMPUTING, a subsidiary of the Johnson and Firth Brown Group, has made the following appointments: Mr Barry McTernan joins the board as the director responsible for business consulting services. Mr John Lawson, the GMS Data Centre manager, is elected to the board with overall responsibility for bureau operations and Mr Ray Little has become company secretary.

★

Mr Percy E Chorley has been appointed sales and marketing director of ROVERT CONTROLS (CHELTENHAM).

★

Mr Armitage, previously managing director of Powell Duffryn Engineering in South Wales, has become managing director of F and R COOLING, a member company of the Newman Industries Group.

★

Mr Buchan C Marshall has been appointed a director of THE BRITISH AVIATION INSURANCE COMPANY following the retirement of Mr D A Blaikie.

★

Mr Morris T Young, managing director of RANK FILM DISTRIBUTORS is to take early retirement on August 31. His successor will be assistant managing director, Mr Frederick P Turner, who will take up his new appointment on September 1.

★

Mr John G Speirs has been appointed managing director of NORSK HYDRO (UK) in succession to Mr Stig Rantsen who has taken over the Norsk Hydro operation in Denmark. Mr Speirs leaves the National Enterprise Board where he has been divisional director in charge of divestments.

★

Mr Alan H Cherry has been appointed chairman COUNTRYSIDE PROPERTIES, succeeding Mr S Bobroff, the founder chairman, who remains an executive director. Mr Cherry continues as group managing director.

★

Lt-Cmdr Christopher Godfrey de Lisle Bush has been appointed a director of MALAYSIAM TIN.

Commons and Lords business

TODAY

Commons—Debate on draft Community Budget 1982 and Draft Amending Budget 1981. Finance Bill (third reading). EEC document on fresh poultry meat.

Lords—Armed Forces Bill (Third Reading). Debate on UK Defence Programme.

Select Committees—Education. Subject: Secondary school curriculum and exams. Witnesses: Lord Taylor of Blackburn, Campaign for Advancement of State Education, National Confederation of Parent Teachers Association, National Society of Career and Guidance Teachers. (Room 6, 4.00 pm). Energy. Subject: Energy conservation. Witnesses: Jones Lang Wootton. (Room 21, 4.30 pm). Committee on Lloyds Bill. (Room 5, 10.30 am).

TOMORROW

Commons—Supply Day debate on rate support grant reductions for Lothian and Dundee. Motion on undertaking by Scottish Secretary with Western Ferries (Argyll) Ltd.

Lords — Education (Scotland) Bill (committee). British Nationality Bill (committee).

Select Committees—Energy. Subject: Estimates 1981/2 and Public Expenditure White Paper. Witness: Sir Donald Maitland, Permanent Under-Secretary, Energy Department. (Room 15, 5.40 pm).

WEDNESDAY

Commons—Supply Day debate on the Navy. Outstanding votes. Contempt of Court Bill (Lords amendments). Co-operative Development Agency (Grants) Order. Undertakings on Highlands and Islands Shipping Services. North of Scotland Hydro-Electric Board Order.

Lords—British Nationality Bill (committee). Atomic Energy (Misc. Provisions) Bill (Third Reading). Films (Quotas) Order, 1981.

Select Committees—Education. Subject: Secondary School curriculum and exams. Witnesses: Mr. Nigel Spearing MP, Council for Educational Technology, Standing Conference of School Science and Technology Technical Educational Council. (Room 6, 10 am). Scottish. Subject: Youth unemployment. Witnesses: Mr Alex Fletcher, Minister for Industry and Education at Scottish Office. (Room 5, 10.30 am). Industry and Trade. Subject: Government reply to committee's import-export report and objectives for Multu-Fibre Arrangement. Witness: Mr. Cecil Parkinson, Minister of State for Trade. (Room 16, 10.45 am). Public Accounts. Subject: Relationship between Comptroller and Auditor General and Public Accounts Committee. Witness: Sir Douglas Henley, Comptroller and Auditor-General. (Room 16, 4 pm). Energy. Subject: North Sea Oil depletion. Witnesses: British Petroleum, Brindex (Association of Independent Oil Exploration Company). (Room 6, 4.15 pm).

THURSDAY

Commons — Consolidated Fund (Appropriation) Bill.

Lords—British Nationality Bill (committee). Various orders.

INSURANCE

Brokers still have four months to register

BY ERIC SHORT

IN DECEMBER 1981, the provision of the Insurance Brokers' (Registry) Act 1977, comes into operation. From that date noone who is not registered under the Act will legally be able to use the title insurance broker.

Insurance brokers have four months to register themselves and their businesses if they want to continue trading under the insurance broking title.

Registration seems to be slow, although most insurance intermediaries have received registration on the individual register. But the number of businesses registered so far is low — to the end of June, 600 out of an estimated 12,000 insurance broking businesses are on the register.

According to the Institute of Insurance Consultants (IIC), life brokers who do not deal with non-life insurance business are not registering.

The Act does not stop an intermediary selling insurance, simply from using the title broker. An intermediary not registering has to use another description. "Insurance consultant" seems the favourite alternative — a description that conveys more to the general public than insurance broker.

There is concern that the lack of registration interest implies that intermediaries are side-stepping the Act and that the public is not being protected by the Act.

The Act ensures that brokers knew what they are selling by laying down minimum qualifications and experience conditions and by setting out a code of conduct governing brokers' relations with their clients. Most brokers agree with this aspect of the Act and have registered as individuals.

The Act also regulates insurance broking businesses. It stipulates that businesses should have adequate capital, that proper financial accounts be kept with clients' money being dealt with in a separate account.

Brokers have to take out professional indemnity insurance. The Act also provides for the establishment of a central fund to reimburse the public for any losses suffered.

Intermediaries not seeking to register their businesses complain that the Act's financial and accounting provisions are too complex and expensive. They claim that they are designed for the major broking companies and not for the provincial broker dealing with small premiums.

The Act specifies that payments from clients have to be put direct into a separate client account from which the broker takes his commission. This involves a double transaction. Smaller brokers would prefer a system that allows the client's money to go into the account net of the commission payment.

Clients usually pay direct to the life company through the direct debit system anyway. Thus the client is not financially hit should the broker run into trouble. Many life brokers feel therefore that the protection provided by the Act is not needed for life operations and that it is not worth incurring the high costs of registration.

Officially it costs £25 per person to go on the individual register, and £50 to register a business, but the cost of special indemnity insurance and complying with the accounting provisions, can send costs soaring—the IIC claims costs of £2,000 for each business.

The IIC has called for a complete revision of the Act. It wants a simple system of control that would operate efficiently for the small man as well as for the major broker.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The subdivisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
British and American Film, Brook House, 113, Park Lane, W. 12.30
English and International, 117, Old Broad St., EC. 11.00
Jones (E.), Plas Celyn, Bangor Road, Penmaenmawr, 2.30
Norcros, Connaught Rooms, Great Queen St., WC. 12.00
Whitbread Invests., Porter Tunroom, The Brewery, Chiswell St., EC, 12.30

BOARD MEETINGS—
Finals:
C. H. Industries
Crown House
Initial Services
Sheffield Refreshment Houses
Siebe Gorman
Vinten
Interims:
Concord Rotaflex
Leda Invst. Tst.
Lovell (G. F.)
Meggitt

DIVIDEND & INTEREST PAYMENTS—
Colgate Palmolive 28 cents
Courage Dbs. 7½. 3½. 4 pc
Courage Lns. 3½. 5¼pc
Dubilier 0.6503p
Elys (Wimbledon) Db 3¾pc. Ln. 4½pc
Energy Finance and General Trust (USM) 0.65p
Fluor Corpn. 20 cents
Hill Samuel 4.8pc
Hunting Gibson 4p
Idris Hydraulic Tin 3p
Leech (William) 3.3p
Management Agency and Music 2.8p
Marshall's Universal 0.1p
Norwegian State and Municipal Power Consortium 5¾pc 20-yr Ext. Ln. 1985 2⅞pc
Scottish Investment Trust Ord 1.7p
Tharsis 2p
Wandsworth Variable Rate Red. 1983 £7.3125
Wells Fargo Bank 48 cents

TOMORROW

COMPANY MEETINGS—
Alliance Inv., 1 Laurence Pountney Hill, EC. 2.30
Allied Breweries, 20 Aldermanbury, EC. 3.00
Assd. Biscuit Manufacturers, 121 Kings Road, Reading, Berks, 11.30
Bankers Inv. Trust, Mermaid House, 2 Puddle Dock, EC. 2.30
Normand Electrical, Charing Cross Hotel, The Strand, WC. 12.00
Whitbread, Porter Tunroom, The Brewery, Chiswell St, 12.00

BOARD MEETINGS—
Finals:
Aero Needles
Astra Industrial
Dowty
Hogg Robinson
Interims:
Meldrum Invst. Tst.

DIVIDEND & INTEREST PAYMENTS—
Allied London Properties 0.25p
British and American Film Ord. Units 1.875p
Combined English Stores 1.66p
Dewhurst Dent Ln. 3½pc
Exchequer 10¼pc 1995 5⅛pc
Fledgeling Investment Deb. 3½pc
Hill Samuel Fltg. Rate Notes due 1992 U.S.$89.56
Hinton (Amos) 4.2p
London Sumatra Plantations 6p
Offshore Mining Fltg. Rate Notes 1986 U.S.$89.24
Panama (Republic of) Fltg. Rate Ser. Notes due 1991 U.S.$914.43
Sweden (Kingdom of) Fltg./Fixed Rate Bonds due 1991 U.S.$210.12

WEDNESDAY JULY 22

COMPANY MEETINGS—
Austin (E.) (London), Winchester House, 100 Old Broad St. EC. 10.00
Bath and Portland, 20 Manvers St, Bath, 12.00
Bremar Trust, Bremar House, 27 Sale Place, W. 12.00
Brit. Benzol Carbonising, The Post House, Pontwyn Rd, Pentwyn, Cardiff, 2.30
Bulgin, Bypass Road, Barking, Essex, 3.00
De La Rue, The Cafe Royal, Regent St. W. 11.30
Ecclesiastical Insurance, Beaufort House, Brunswick Road, Gloucester, 1.45
Electra Inv. Trust, Electra House, Temple Place, Victoria Embankment, W. 2.15
Geevor Tin, Pendeen, Penzance, Cornwall, 12.15
Highams, Wood Nook Mills, Accrington, 12.30
Idris Hydraulic Tin, 65 London Wall, E. 3.00
London Prudential Inv. Tst. 20, Fenchurch Street, EC. 12.45
MK Electric, Chartered Accountants Hall, Moorgate Place, EC. 12.00
Monks Inv. Trust, Great Eastern Hotel, Liverpool St, EC. 10.00
Plysu, Winchester House, 100 Old Broad St. EC. 12.00
Prudential Inv. Trust, 20 Fenchurch St. EC. 12.45
Staveley Inds., London Press Centre, 76 Shoe Lane, EC. 12.00
Stewart Enterprise, 45 Charlotte Square, Edinburgh, 2.30
Sumrie Clothes, Berkeley Road, Harehills, Leeds, 3.00
WGI, Ironmongers' Hall, Shaftesbury Place, Barbican, EC. 11.30
Warren Plantations, Painters Hall, 9 Little Trinity Lane, EC. 12.00
Witan Invs, 11 Austin Friars, EC, 11.30

BOARD MEETINGS—
Finals:
Arlington Motor
Control Secs.
Danae Invst. Tst.
Globe and Phoenix Gold Mining
Hampson Inds.
Wyndham
Interims:
Albion
Allied Textile
Birmid Qualcast
Moorside Tst.

DIVIDEND & INTEREST PAYMENTS—
Alliance Investment 3.4p
Austin (E.) (London) 0.8875p
Bath and Portland 1p
Canadian Pacific Enterprises 28cts
Carless Capel and Leonard 1.75p
English China Clays 2.7p
Exchequer 13¼pc 1987 12⅝pc
Do. 12pc 1999-2002 6pc
London and Lennox Invest. Trust 1.4p
Morgan (J. P.) IDR 77.5cts
Small (John C.) and Tidmas 1.5p
Treasury 14pc 1996 7pc
Do 11¼pc 2003-07 5⅝pc
Do 11¼pc 2003-07 A 5⅝pc

THURSDAY JULY 23

COMPANY MEETINGS—
Alpine Soft Drinks, Richmond Way, Chelmsley Wood, Birmingham, 12.00
Ambrose Inv. Trust, The Institute of Chartered Accountants, Moorgate Place, EC. 12.30
Beechwood Construction, Dragon Hotel, Swansea, 12.00
Bell and Sime, Dundee Saw Mills, Marine Parade, Dundee, 12.00
Braby Leslie, Abercorn Rooms, Bishopsgate, EC. 12.00
Brunning, 100 Whitechapel Road, E. 12.15
Burnett and Hallamshire, Cutlers' Hall, Church St, Sheffield, 12.00
Butterfield-Harvey, Connaught Rooms, Great Queen St, WC. 12.00
Caffyns, Lecture Hall, Central Library, Eastbourne, 3.00
Century Oils, Grand Hotel, Trinity St, Hanley, Stoke-on-Trent, 12.00
Dualvest, 117 Old Broad St, EC. 12.15
Edbro, Charing Cross Hotel, Strand, W. 10.00
Hargreaves, Bowcliffe Hall, Bramham, Wetherby, West Yorkshire, 12.00
Le Vallonet, Jersey Chamber of Commerce Building, Royal Square, St Helier, Jersey, 11.00
Metal Box, The Plaisterers Hall, 1 London Wall, EC. 12.00
Premier Cons. Oil, Winchester House, 100 Old Broad St, EC. 10.30
Readicut Intnl, The Queen's Hotel, Leeds, 12.30
Sketchley, Rugby Road, Hinckley, Leicestershire, 3.00
The Times Veneer, Goodwin Road, Edmonton, N. 12.00
Tranwood, Benson House, 7 Weir Road, Balham, 12.00
Tunnel, Caxton Hall, Caxton St, SW, 12.30
UKO Intnl, Winchester House, 100 Old Broad St. 12.00
Valor, Tallow Chandlers Hall, 4 Dowgate Hill, EC. 12.00

BOARD MEETINGS—
Finals:
Burt Boulton
Cook (W.) and Sons (Sheffield)
Davy Cpn.
Inchcape
Investment Co.
MFI Furniture
Ransom (W.)
Utd. Gas Inds.
Ward and Goldstone
Wood (S. W.)
Interims:
Berisfords
Bullough
Cardinal Invst. Tst.
Derby Tst.
Jacobs (John I.)
St. Andrew Tst.
South African Land and Expln.
Vaal Reefs Expln. and Mining
Weber
Western Deep Levels

DIVIDEND & INTEREST PAYMENTS—
Ambrose Inv. Tst. Income 4.3p
Banco De La Nacion Argentina Fltg. Rate Notes 1983 U.S.$87.04
Bell and Sime 2.5p
Caffyns 2.3p
Carr (John) Doncaster 0.53p
Jantar Ord. Units 3p
Jermyn Investment 1.625p
Kansallis-Osake-Pankki Fltg. Rate Cap. Notes 1983 U.S.$87.0434
London Prudential Invest Tst 2.6p
MEPC 2p
Midland Intnl Financial Services BV Gtd Rate Notes 1993 U.S.$87.04
Plysu 1.4p
Sketchley 6.2p
Sumrie Clothes 1.5p
UB Finance BV 11pc Bds 1990 5½pc
Warren Plantations 7p
Witan Investment 2.15p

FRIDAY JULY 24

COMPANY MEETINGS—
Billam (J.), The Royal Victoria Station Hotel, Sheffield, 12.00
Brengreen, Abercorn Rooms, Bishopsgate, EC. 10.00
Brotherhood (P.), The Great Northern Hotel, Peterborough, 12.00
Chamberlin and Hill, Chuckery Foundry, Chuckery Road, Walsall, 12.00
Downs Surgical, Selfridge Hotel, Orchard St, W. 12.00
Duport, Sedgley Road East, Tipton, 12.30
Extel, Extel House, East Harding St. EC. 12.00
Heron Motor, The Carlton Tower Hotel, Cadogan Place, SW. 10.00
Northern Sec Tst, Park House, 16 Finsbury Circus, EC. 12.30
Pegler Hattersley, Lonsdale Suite, Grand Stand, Doncaster Racecourse, 12.00
Portsmouth and Sunderland News, The News Centre, Hilsea, Portsmouth, 12.30
Shaw (F.), Corbett St, Manchester 2.00
Westbrick Prods, Rougemont Hotel, Exeter, 12.00

BOARD MEETINGS—
Finals:
Brown (John)
Dom Hldgs.
Howard Tenens Services
Sogomana
Interims:
Lovell (Y. J.)
Westminster Property

DIVIDEND & INTEREST PAYMENTS—
Anglo American Crp of South Africa 75cts
Atkins Bros (Hosiery) 3.65p
Bass 2.53p
Billam (J.) 4.3p
Bulgin (A. F.) Ord and A Ord 0.77p
CPC International Inc 48cts
Chamberlin and Hill 1.65p
Cowie (T.) 0.8p
Duple Intnl 1.4p
First Union General Inv Tst 5.5cts
Hanson Trust 4.25p
London and Holyrood Trust 3.75p
London and Provincial Trust 3.3p
Metal Box Ord Units 6.51p
Northern Securities Trust 3.4p
Readicut International 0.1p
Sainsbury (J.) 5p
Utico Prf 4pc
Whitbread A and B Ord 4.6p
Whitbread Investment 2.85p

SATURDAY JULY 25

BOARD MEETINGS—
Interim:
Kuala Lumpur Kepong

DIVIDEND & INTEREST PAYMENTS—
Bankers Trust New York Corp U.S.$0.4625
Cement Roadstone 7pc Prf (Red) 2.45pc
Dson Development Corp 4cts
Debenhams Lns 3½, 3½pc
Dominion and General Trust 7.7p
General Electric 80cts
Manufacturers Hanover Corp 68cts
Mid-Southern Water 3.5pc (fmly 5pc) Cons Ord 1.75pc
Portsmouth and Sunderland Newspapers Ord Units 2.25p
Treasury 12pc 1985 6pc

SUNDAY JULY 26

DIVIDEND & INTEREST PAYMENTS—
Treasury 7¼pc 1985-88 3⅝pc
Do 9½pc 1999 5¼pc

Public Works Loan Board rates

Effective July 4

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13¾	14	14⅛	14⅜	14⅝	14¾
Over 5, up to 10	14⅜	14¼	14⅞	14⅞	15¼	15⅜
Over 10, up to 15	15	14⅞	14⅞	15½	15⅜	15⅜
Over 15, up to 25	14⅞	14⅞	14⅞	15⅜	15⅜	15⅜
Over 25	14⅞	14⅞	14⅞	15⅜	15⅜	15⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13¾	½-year	5,000	6-10
Knowsley (051-548 6555)	12½	½-year	1,000	1-3

CONTRACTS

£2.5m port work goes to May Gurney

Ipswich Port Authority has placed a contract with MAY GURNEY AND CO. for a £2.5m extension to the west bank unit load terminal. W. A. Dawson is sub-contractor for the quay works. The development is intended for handling containers for Cast (UK) and consists of a 70 metres quay supported on piles with a paved storage area containing two pairs of running strips for rubber tyred yard gantries. A jib crane will handle containers between ships and shore.

★

GEC-GENERAL SIGNAL has been awarded a contract by British Rail, Eastern Region valued at over £250,000 to provide a train information system which will cover 56 miles of railway lines radiating from Cambridge to Bishops Statford, Ely, Royston and towards Fulbourn on the Newmarket branch.

★

SGB SCAFFOLDING contracts division has been awarded a contract by the southern division of Fairclough Building, main contractor, to design and erect the support scaffolding for the slabs and beams on both storeys of the 280-ft diameter satellite passenger terminal under construction for the British Airports Authority at London's Gatwick Airport.

OBITUARY

With Sir Peter Cargill's untimely death on July 10, at the age of 65, the world banking community lost a distinguished statesman and the Third World a valuable friend. His career, mostly concerned with financing the development of the poor countries of the world, was spent mainly with the International Bank for Reconstruction and Development (the World Bank). He retired as Senior Vice-President in 1980 and since then had been Director and adviser to the Bank of Credit and Commerce International.

Sir Peter, christened Ian Peter Macgillivray Cargill, was born in India on September 29, 1915. He was educated at Malvern College and Corpus Christi College, Oxford, after which he returned to his birthplace to take up an appointment with the Indian Civil Service in 1938.

He rapidly distinguished himself, rising to become Finance Secretary at the age of only 32. Following Indian independence in 1947, he was transferred to London. His two Whitehall posts, from 1948 to 1950 with the Colonial Office and 1950 to 1952 at the Treasury, both drew on his detailed and expert knowledge of India.

In 1952, with interest in the emergent developing countries growing, he joined the recently created World Bank. There, his specialist knowledge of the Indian sub-continent combined with a tireless commitment to development were instrumental in such achievements as the giant Indus Basin Project. He was responsible for the creation of new institutions for the financing of economic development, including the Industrial Credit and Investment Corporations of India and Pakistan. Sir Peter also helped set up multilateral and bilateral aid programmes, many of which are still in existence today.

Under successive World Bank presidents, first Mr. Eugene Black and then Mr George Woods, his skills of persuasion and negotiation were noted and encouraged. In 1961 he was appointed director of the bank's Asian departments.

In this position he had a major role in the World Bank's development financing. He also concerned himself with marshalling aid, from various consortia, for individual Asian countries. He presided over annual meetings of donor groups and ensured that both donors and recipients knew exactly where aid was needed and how effectively it was being used.

Having been involved with development finance for most of his career, the next appointment was a logical one. In 1975, he was given the post of Vice-President in charge of Finance by World Bank President Robert McNamara. As well as masterminding World Bank bond issues, he successfully negotiated replenishment guarantees with donor countries for the International Development Association. This, the bank's low interest finance facility for developing countries, is currently replenished to the tune of $4 billion per annum by donors, largely thanks to the efforts of Sir Peter Cargill.

By the time of his retirement, he was Senior Vice-President, with 17 Vice-Presidents and 42 departmental directors working under his guidance. The bank itself has grown to accommodate 135 member countries, with a professional staff of 2,500 and annual aid and development commitments of $12 billion.

He is remembered as a strong personality with a keen and lively sense of humour. He was a sound judge of people. His forthright, incisive leadership produced a strong sense of devotion from friends and colleagues. He was awarded the MBE in 1942 at the age of 27 and knighted in the 1981 New Year's Honours.

His marriage to his first wife, Margaret Freeling, was dissolved in 1945. His second wife, Inge Haure-Peterson, died in 1965. In 1978 he married Margaret Gonzales, who survives him, as well as a son by his first marriage.

COMPANY NOTICES

PERSONAL

ART GALLERIES

CLUBS

WORLD STOCK MARKETS

NEW YORK

1981 High	1981 Low	Stock	July 17
38½	32⅛	Clark Equipment	33
45	32	Cleve Cliffs Iron.	36⅜
13	9⅞	Clorox	12¼
15	9¾	Cluett Peaby	13¼
39	32¾	Coca Cola	33¾
10	8½	Coca Btl. N.Y.	9⅞
18	14⅛	Colgate Palm	16½
15	8½	Collins Aikman	12⅞
64	44	Colt Inds.	51⅞

1981 High	1981 Low	Stock	July 17
92¼	59¼	Getty Oil	72
28	22	Giddings Lewis	23⅞
35⅛	27⅝	Gillette	30⅛
35¾	20⅜	Global Marine	26
27⅜	22⅛	Goodrich (BF)	24¼
20⅛	17	Goodyear Tire	18¾
30½	24⅞	Gould	28½
59¼	43⅞	Grace	47½
44½	33⅞	Grainger (WW)	40⅛

1981 High	1981 Low	Stock	July 17
47½	35⅞	Melville	43½
14½	9⅛	Memorex	9⅝
50½	34	Mercantile Sts	48¼
102⅜	80	Merck	94¾
55½	47⅞	Meredith	59¼
43⅞	26¼	Merrill Lynch	38⅝

1981 High	1981 Low	Stock	July 17
42⅜	32⅜	St. Regis Paper	36
36	25	Sante Fe Inds	25⅝
31⅛	20¾	Sante Fe Intl	25⅛
10¼	8½	Saul Invest	3¾
7⅛	5⅝	Saxon Inds	6
42	33⅜	Schering Plough	33⅝

CANADA

HOLLAND

HONG KONG

JAPAN

NORWAY

ITALY

SWEDEN

SWITZERLAND

GERMANY

AUSTRALIA

SOUTH AFRICA

Financial Rand US$0.83 (Discount of 25%)

BRAZIL

TEL AVIV

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

DENMARK

Indices

NEW YORK —DOW JONES

	July 17	July 16	July 15	July 14	July 13	July 10	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
•Industr'ls	958.90	955.48	954.15	948.26	954.34	955.67	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	60.28	60.35	60.52	60.34	60.77	60.55	65.78 (15/1)	58.37 (7/5)	—	—
Transport.	411.40	411.53	407.01	401.10	404.29	403.78	447.58 (16/4)	379.78 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	108.35	108.16	108.54	107.40	107.68	107.84	117.81 (5/1)	105.99 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	42,980	53,018	48,980	46,250	38,190	39,850	—	—	—	—

•Day's high 964.80 low 949.30

	July 10	July 3	June 26	Year ago (approx)
Ind. div. yield %	5.72	5.69	5.50	5.93

STANDARD AND POORS

	July 17	July 16	July 15	July 14	July 13	July 10	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	147.24	147.86	146.61	145.95	145.77	145.52	157.92 (6/1)	143.35 (8/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	130.76	131.41	130.25	129.65	129.84	129.37	138.12 (6/1)	128.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 15	July 8	July 1	Year ago (approx.
Ind. div. yield %	4.83	4.90	4.85	4.88
Ind. P E Ratio	9.31	9.16	9.27	8.02
Long Gov. Bond yield	13.14	13.10	13.27	10.08

N.Y.S.E. ALL COMMON

July 17	July 16	July 15	July 14	1981 High	1981 Low
75.96	75.70	75.60	75.26	79.14 (6/1)	72.45 (20/2)

Rises and Falls	July 17	July 16	July 15
Issues Traded	1,849	1,862	1,890
Rises	781	762	897
Falls	616	674	598
Unchanged	452	425	395
New Highs	19	20	18
New Lows	15	32	18

MONTREAL

	July 17	July 16	July 15	July 14	1981 High	1981 Low
Industrials	400.45	402.25	393.83	397.83	485.56 (27/5)	356.25 (20/2)
Combined	372.52	375.10	370.62	367.57	375.15 (27/5)	339.34 (20/2)
TORONTO Composite	2380.30	2390.55	2371.68	2348.2	2378.8 (10/4)	2151.4 (20/2)

	July 17	July 16	July 15	July 14	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	668.2	664.8	662.5	666.7	737.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	543.7	537.7	532.2	537.8	735.2 (7/1)	532.2 (15/7)
AUSTRIA Credit Aktien (2/1/62)	58.58	58.46	58.47	58.58	68.43 (5/1)	58.45 (16/7)
BELGIUM Belgian SE (31/12/63)	74.02	73.85	73.55	74.88	86.15 (17/2)	69.53 (16/6)
DENMARK Copenhagen SE (1/1/73)	114.29	115.81	116.14	114.87	118.21 (6/7)	95.88 (2/1)
FRANCE CAC General (29/12/61)	81.4	80.7	80.8	(c)	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	86.5	84.7	84.5	(c)	106.8 (13/5)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	237.38	238.49	237.76	238.67	243.47 (3/7)	216.86 (9/2)
Commerzbank (Dec. 1953)	727.8	731.8	730.9	733.7	749.9 (3/7)	669.4 (18/2)
HOLLAND ANP-CBS General (1970)	92.8	92.7	92.7	92.5	96.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	72.7	72.7	72.9	73.3	78.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1810.20	1781.62	1780.69	1779.57	1810.20 (17/7)	1295.44 (11/3)
ITALY Banca Comm Ital (1972)	205.22	209.57	208.10	192.93	292.83 (5/6)	175.36 (6/1)
JAPAN Dow Average (16/5/49)	7876.89	7887.58	7853.95	7878.96	7925.34 (3/7)	6956.52 (13/6)
Tokyo New SE (4/1/68)	594.97	595.56	591.55	592.25	595.10 (16/7)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	127.12	122.50	122.87	122.52	127.57 (4/5)	110.54 (5/6)
SINGAPORE Straits Times (1966)	902.61	912.50	909.54	925.48	975.26 (26/6)	658.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	576.5	551.8	546.1	787.6 (7/1)	475.8 (5/7)
Industrial (1958)	(u)	606.2	605.5	605.1	655.5 (1/6)	557.2 (5/2)
SPAIN Madrid SE (30/12/80)	151.59	150.73	150.70	151.50	141.48 (17/6)	100.48 (2/1)
SWEDEN Jacobson & P. (1/1/58)	577.45	573.88	574.44	578.47	591.84 (2/7)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	288.1	285.5	284.4	285.2	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	(d)	152.9	152.5	151.8	162.8 (6/1)	149.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Texasgulf	1,556,000	54½	— ⅛
Conoco	860,700	87½	— ⅛
Pnl. Pete.	775,800	45½	+3⅞
Diam. Sham.	589,500	37⅞	— ⅛
Nat. Can.	531,600	24¼	+ ⅛
Tandy	527,800	31	+1¼
Mobil	457,000	30⅞	— ⅛
Exxon	423,700	34¼	— ⅛
Texas Intl.	343,500	34⅞	+2⅞
East Gas F.	343,000	22⅞	—3¼

Companies and Markets

INTL. COMPANIES & FINANCE

CHALLENGE FOR REAGAN ADMINISTRATION

Mobil bid may test anti-trust laws

BY PAUL BETTS IN NEW YORK

MOBIL'S $7.74bn bid for Conoco could present the Reagan Administration with the biggest anti-trust challenge in U.S. history.

The combination of the two oil companies would create a corporation with annual sales of $82bn, second only to Exxon and larger than the Royal Dutch Shell group. Between them, the two companies would have about 2.3bn barrels of proved oil reserves, 21,600bn cu ft of gas and substantial coal interests in view of Conoco's 14.3bn tons of U.S. coal reserves.

Mobil, in its prospectus released at the weekend, claimed that the merger would not violate the anti-trust laws. It said that although the two companies competed in various markets, including those for crude oil, natural gas, petrol, distillates, motor oils, coal, uranium and petrochemicals, "in every case the combined U.S. market shares of Mobil and Conoco would be within the existing Department of Justice merger guidelines."

In the U.S. domestic petrol retailing market, which could be the source of the most acrimonious anti-trust controversy, Mobil has a 5.5 per cent share and Conoco a 1.8 per cent share. Only in two states, Nebraska and Tennessee, have the two companies each more than 5 per cent of the petrol retail market.

Although, on the surface at least, the combination may not violate the anti-trust guidelines, the sheer size of the merger is already causing concern in Washington. The Justice Department, which has generally been taking a more relaxed attitude to take-overs under Mr William Baxter, its new anti-trust chief, also indicated at the weekend it would review the Mobil bid "very closely."

A deal of this size could clearly have a significant impact on the future shape of the U.S. oil industry by, among other things, creating an even greater degree of concentration. It could open the door to similar oil mergers to the extent that the number of major U.S. oil companies could eventually be whittled down from about 20 to 10 or fewer.

The anti-trust issues raised by the Mobil bid are also provoking concern in the oil industry itself. Mr George Keller, chairman of Standard Oil of California (Socal), the country's fourth largest oil company, said he was "distressed" by Mobil's bid.

He described it as "a terrible challenge to the anti-trust laws" and gave a warning that there might be a risk that the bid could be seen as "big oil trying to overwhelm the Government."

Mr Keller said that his company had been approached by Conoco but had declined possible merger discussions. He suggested that the present situation could affect other large mergers for a long time.

For its part, Socal clearly does not want this to happen. The Californian oil giant has for some time sought unsuccessfully to acquire the mining and minerals company.

In its prospectus, Mobil also said that it reserved the right to divest itself of certain Conoco assets "to the extent such divestiture may ultimately be deemed necessary or desirable." Mobil also said that it intended to transfer Conoco's domestic exploration and production business and assets to Mobil Oil, its principal subsidiary.

All this, however, could well be premature. Wall Street at the weekend expected Mobil's bid on Friday to be followed by further hostilities in the bidding war for Conoco. Indeed, many analysts regarded Mobil's $7.74bn cash and securities offer not so much as a blockbuster but a rather "conservative" bid. The feeling was that Mobil had only made what was tantamount to an initial offer to test the market.

Hamersley offer extended

By Our Sydney Correspondent

CRA, the Australian offshoot of the Rio Tinto-Zinc Corporation, has declared its A$200m (US$230m) takeover offer for Hamersley Holdings, the iron ore miner, unconditional and extended the period for acceptances. The company now controls 88.9 per cent of the capital.

The offer's extension to September 3 has been made in an attempt to obtain approval from a number of Japanese holders who are apparently still considering the offer.

Consob sweeps 'deadwood' from bourse

BY JAMES BUXTON IN ROME

THE CONSOB, the regulatory authority of the Milan stock exchange, has ordered the suspension of the quotation of the shares of Anic, the chemical subsidiary of ENI, the state energy concern.

The move is the first important evidence of the Consob implementing its policy of removing from the bourse what it describes as "deadwood" — companies which have equity of which only a small part is freely tradeable on the stock exchange.

In the case of Anic, only 1.2 per cent of its share capital is in the hands of third parties. The current stock exchange rules say that companies obtaining bourse quotations must have at least 20 per cent of their equity in the hands of third parties.

Several other state-controlled companies have the rump of their equity quoted on the bourse. If the Consob, which was given a new and more determined board last February, carries out its declared policy, more such companies could lose their quotations.

On Friday, the Milan stock exchange index fell back 2.2 per cent on provisional calculations, leaving share prices at around the level at which they opened for trading the previous Monday. The new government regulations to free more bank funds for investment in the market, which came into effect at the beginning of the week, appear to have had the effect of containing the pressure of selling orders and putting the bourse on a sounder footing.

CURRENCIES, MONEY and GOLD

Looking for guidance

BY COLIN MILLHAM

THERE WAS much talk but little action on interest rates for most of last week in the London money market. Rumours circulated freely, but in such nervous conditions dealers were generally reluctant to take a long-term view.

Rates were easier on Monday, but then moved up steadily, without any real volume to the market. Day-to-day conditions were also quiet, with the continuing civil service dispute contributing to a reasonable supply of funds on most days.

Guidance on interest rates was not forthcoming from the Bank of England, although some observers believed they detected a signal of firmer rates on Thursday.

On that day the authorities sold bills to the market at 12⅝-12¾ per cent, compared with 11¾-12¼ per cent at the same time the previous week. But the previous week's bills were very short dated, maturing last Monday and Thursday, whereas the bills sold last Thursday will not mature until August 14.

This hardly gives the impression of a strong signal, and at the time market rates showed little reaction, with three-month interbank money closing unchanged at 13½ per cent, Treasury bill rates steady, and eligible bank bills moving up about ⅛ per cent.

On the following day the market was altogether firmer however, as three-month interbank money climbed above 14 per cent, from about 13½ per cent a week before, and under 13 per cent in March, shortly after the last cut in Minimum Lending Rate.

On Friday morning discount houses buying rates for three-month Treasury bills rose to 13¼ per cent from 12⅞ per cent, and at the afternoon's tender the average rate of discount rose accordingly. Apart from the upward trend in the general level of rates the tender was also influenced by the doubling of the number of bills on offer to £200m, but the market received an additional jolt on the news that a special £800m bills will be offered this Friday on top of the normal tender.

Clearing bank base rates have gained increased significance recently, and if market conditions do not ease, the present levels will come under increasing pressure.

THE POUND SPOT AND FORWARD

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8650-1.8900	1.8850-1.8860	0.90-1.00c dis	−6.05	2.10-2.20dis	−4.58
Canada	2.2500-2.2750	2.2715-2.2725	0.95-1.05c dis	−5.28	2.80-2.95dis	−5.06
Nethlnd.	5.04-5.10	5.08½-5.09½	⅞-⅝c pm	1.47	2¼-1½ pm	1.57
Belgium	74.10-75.00	74.70-74.80	35-45c dis	−6.42	90-100 dis	−5.08
Denmark	14.18-14.32	14.27-14.28	6¾-7⅞ore dis	−6.15	16⅞-18⅞ dis	−5.01
Ireland	1.2420-1.2570	1.2545-1.2560	0.08-0.21p dis	−1.39	0.61-0.74dis	−2.15
W. Ger.	4.52-4.58	4.56-4.57	1-⅞pf pm	1.97	2⅛-1⅝ pm	1.64
Portugal	119.80-121.80	121.40-121.60	65-125c dis	−9.38	140-295 dis	−7.16
Spain	180.50-183.00	182.75-183.00	80-110c dis	−6.23	225-265 dis	−5.36
Italy	2258-2278	2276-2278	33½-35½ lire dis	−18.18	86-89 dis	−15.37
Norway	11.33-11.49	11.47½-11.48½	½ore pm-¾ dis	−0.13	2¼-¾ pm	0.70
France	10.74-10.86	10.84-10.85	7½-8½c dis	−8.85	21½-22½ dis	−8.11
Sweden	9.64-9.76	9.74½-9.75½	1-1⅞ore dis	−1.77	2¼-3¼ dis	−1.33
Japan	430-440	436½-437½	2.65-2.30y pm	6.80	7.30-6.90 pm	6.50
Austria	31.85-32.25	32.15-32.20	3gro pm-2 dis	0.19	9 pm-1 dis	0.50
Switz.	3.88½-3.94½	3.92-3.93	1½-1c pm	3.82	3¼-2¼ pm	3.31

Belgian rate is for convertible francs. Financial franc 78.65-78.75. Six-month forward dollar 3.55-3.65c dis, 12-month 5.05-5.25c dis.

GOLD

	July 17		July 16	
Gold Bullion (fine ounce)				
Close	$417-419	(£221-222)	$416½-418½	(£218-219)
Opening	$416-418	(£221-222)	$411-412½	(£220¼-222)
Morning fixing	$414.50	(£220.890)	$417.25	(£221.706)
Afternoon fixing	$415	(£220.944)	$418.25	(£222.001)
Gold Coins				
Krugerrand	$435-436	(£230½-231)	$428-429	(£227½-228)
1/2 Krugerrand	$224¼-225¼	(£118¾-119¼)	$222-223	(£118-118½)
1/4 Krugerrand	$114¼-115¼	(60½-61)	$113-114	(£60-60½)
1/10 Krugerrand	$46½-47½	(£24½-25)	$46-47	(£24½-25)
Mapleleaf	$425-428	(£225¼-226¾)	$419-420	(£222½-223¼)
New Sovereigns	$105¼-106	(£55¾-56¼)	$105½-104½	(£55-55½)
King Sovereigns	$115-117	(£61-62)	$115-117	(£61-62)
Victoria Sovs.	$115-117	(£61-62)	$115-117	(£61-62)
French 20s	$111-116	(£58¾-61½)	$109-115	(£58-61)
50 pesos Mexico	$523-527	(£277¼-279¼)	$516-520	(£274¼-276½)
100 Cor. Austria	$407-411	(£215¾-217¾)	$401-405	(£213¼-215¼)
$20 Eagles	$544-549	(£288¼-291)	$542-547	(£288¼-290½)

THE DOLLAR SPOT AND FORWARD

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8650-1.8900	1.8850-1.8860	0.90-1.00c dis	−6.05	2.10-2.20dis	−4.56
Ireland†	1.5000-1.5035	1.5015-1.5035	0.55-0.65c dis	−4.79	0.85-0.95dis	−2.39
Canada	1.2052-1.2064	1.2056-1.2059	0.03-0.06c dis	−0.44	0.16-0.21dis	−0.61
Nethlnd.	2.6950-2.7050	2.6950-2.7000	1.82-1.72c pm	7.85	4.25-4.15 pm	6.21
Belgium	39.64-39.80	39.64-39.66	par-6c dis	−0.90	par-6 dis	−0.30
Denmark	7.5650-7.6000	7.5650-7.5750	0.65-0.40ore pm	0.82	¼ pm-¼ dis	—
W. Ger.	2.4190-2.4300	2.4210-2.4220	1.58-1.52pf pm	7.68	3.66-3.60 pm	6.00
Portugal	64.40-64.70	64.50-64.70	par-25c dis	−2.32	par-75 dis	−2.32
Spain	96.95-97.13	96.95-97.05	5c pm-5 dis	—	5-35 dis	−0.82
Italy	1207-1209¾	1207-1209	12-14 lire dis	−12.00	33-37 dis	−11.00
Norway	6.0730-6.0920	6.0800-6.0900	3.60-3.10ore pm	6.60	8.35-7.85 pm	5.31
France	5.7500-5.7675	5.7610-5.7560	1.30-1.80c dis	−3.22	5.50-6.25dis	−4.07
Sweden	5.1625-5.1745	5.1625-5.1725	2.35-2.15ore pm	5.21	4.75-4.55 pm	3.59
Japan	231.50-232.75	231.75-231.85	2.60-2.45y pm	13.07	6.50-6.36 pm	11.09
Austria	17.04-17.08½	17.072-17.077	11.20-9.70gro pm	7.34	25-21 pm	5.38
Switz.	2.0780-2.0900	2.0805-2.0815	1.99-1.89c pm	11.19	4.42-4.34 pm	8.42

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

July 17	£	$		£ Note Rates
Argentina Peso	8849-8869†	4689-4699†	Austria	31.75-32.10
Australia Dollar	1.6450-1.6490	0.8725-0.8730	Belgium	77.60-78.60
Brazil Cruzeiro	174.05-175.05	92.74-93.20	Denmark	14.20-14.35
Finland Markka	8.51-8.52	4.5250-4.5260	France	10.71-10.81
Greek Drachma	109.296-112.642	59.20-59.30	Germany	4.54-4.58
Hong Kong Dollar	10.649-10.669	5.66-5.67	Italy	2215-2275
Iran Rial	152.00*	81.00*	Japan	436-442
Kuwait Dinar (KD)	0.525-0.531	0.2828-0.2831	Netherlands	5.05-5.08
Luxembourg Fr.	74.70-74.80	39.64-39.66	Norway	11.32-11.44
Malaysia Dollar	4.42-4.43	2.3495-2.3515	Portugal	118-125
New Zealand Dlr.	2.2440-2.2490	1.1900-1.1910	Spain	176-182¼
Saudi Arab. Riyal	6.34-6.40	3.4115-3.4145	Sweden	9.66-9.76
Singapore Dollar	4.0560-4.0660	2.1565-2.1585	Switzerland	3.90-3.94
Sth African Rand	1.7310-1.7325	0.9180-0.9190	United States	1.87½-1.88½
U.A.E. Dirham	6.83-6.89	3.6720-3.6740	Yugoslavia	70-74

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,146-12,166 and for the dollar 6,450-6,500. *Selling rate.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13½-14	18⅝-18⅞	17½-18	11⅞-12	1-1⅛	11⅜-11½	20-22	20-25	14-18	6¼-6½
7 days' notice	13½-14	18½-18¾	17½-18	11⅞-12	1½-2	11⅜-11½	20-22	27½-31½	16-20	6½-6¾
Month	13⅞-14⅛	18½-18¾	18⅞-19⅛	12-12⅛	8⅞-9	12¼-12½	21¾-23¼	29½-31½	17½-18½	7¼-7½
Three months	14⅛-14⅜	18⅜-18⅝	18⅞-19⅛	12¼-12⅜	9¾-9⅞	12¼-12⅜	21½-23	29-30½	17¼-18¼	7½-7⅝
Six months	14¼-14½	18⅛-18⅜	18¾-19⅛	12¼-12⅜	10-10⅛	12¼-12⅜	20¼-21¾	29-30	18-19	7¾-8⅛
One Year	14¼-14½	16⅞-17⅛	18⅜-18⅞	12⅛-12¼	9½-9¾	12⅜-12½	19-20	26½-27½	16¾-17¾	8⅛-8⅜

SDR linked deposits: one-month 16¼-16½ per cent; three-months 15¾-16⅛ per cent; six-months 15⁹⁄₁₆-15¹³⁄₁₆ per cent; one-year 14¹⁵⁄₁₆-15³⁄₁₆ per cent.

ECU linked deposits: one-month 16⅛-16½ per cent; three-months 16¼-16⅝ per cent; six-months 16-16⅜ per cent; one-year 15⅛-15½ per cent.

Asian $ (closing rates in Singapore): one-month 19½-19⅝ per cent; three-months 18⅞-18½ per cent; six-months 18³⁄₁₆-18⁵⁄₁₆ per cent; one-year 16¾-16⅞ per cent. Long-term Eurodollar two-years 16⅜-16⅝ per cent; three-years 16¼-16½ per cent; four-years 16-16¼ per cent; five-years 15⅞-16⅛ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.25-18.35 per cent; three-months 17.90-18.00 per cent; six-months 17.55-17.65 per cent; one-year 16.40-16.60 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/8	offer 18 3/4	bid 18 1/4	offer 18 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 17 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	11 25	12⅛	—	—	11½-12⅛	10½-12	—	—	—
2 days notice	—	—	13½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-13½	12⅝	—	13¾	12¼-12¾	12	—	—	—
One month	14½-14	12⅞-14¼	13	13⅞-13⅜	14¼	—	12-12¼	13¼-13⅞	13¼-13⅞	13¾
Two months	14¼-13⅞	13⅝-14¼	—	14⅛-14	14¼	—	12¼-12½	13½-13¾	13⅝-13⅞	14⅛
Three months	14¼-14	13⅞-14⅜	13½	14½-14	14⅜	—	12½-13	13½-13⅝	13⅝-13⅞	14⅛
Six months	14⅜-14⅛	13¾-14⅜	13⅝	14-13½	14⅜	—	—	—	13⅝-13½	13⅞
Nine months	14⅜-14⅛	13¾-14⅜	—	14½-14	14⅜	—	—	—	—	—
One year	14⅜-14⅛	13½-14⅜	13⅞	14½-14	14⅜	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅞ per cent; four-years 14¾ per cent; five-years 14½ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½-13¾ per cent; four-months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills —— per cent; two-months —— per cent; three-months 13⅛ per cent. Approximate selling rate for one-month bank bills 13-13⅛ per cent; two-months 13⅜-13⅜ per cent; three-months 13⅜-13⅜ per cent; one-month trade bills 13½ per cent; two-months 13⅞ per cent; and three-months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.4703 per cent.

CURRENCY RATES

July 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	Unavail.	0.553685
U.S. $	14	"	1.03788
Canadian $	19.04	"	1.25169
Austria Sch.	6¾	"	17.7574
Belgian F.	13	"	41.0973
Danish K.	11	"	7.88635
D mark	7½	"	2.51946
Guilder	9	"	2.80581
French Fr.	9½	"	5.98236
Lira	19	"	1255.06
Yen	6¼	"	240.633
Norwgn. Kr.	9	"	6.30773
Spanish Pts.	8	"	100.676
Swedish Kr.	12	"	5.36917
Swiss Fr.	5	"	2.16658
Greek Dr'ch.	20½	"	61.5672

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published.

	Date	Announcement last year
*Acrow	July 28	Final 1.5
Alexanders Discount	July 16	Int. 5.5
AAH	Aug 4	Final 5.024
*Anglo American Gold	Aug 6	Int. 550 cents
Ault and Wiborg	Aug 6	Int. 1.071
Automotive Prods.	Aug 14	Int. 1.5
*Barclays Bk.	Aug 6	Int. 9.25
*Bibby (J.)	Aug 5	Int. 3.143
British Aluminium	Aug 6	Int. 7.857
*Brown (J.)	July 24	Final 2.5
Carrington Viyella	Aug 13	Int. 0.7
*City Offices	July 28	Int 1.3
*Commercial Union	Aug 11	Int. 4.4
*Crown House	July 20	Final 3
*Davy Corpn.	July 23	Final 4.7
De Beers	Aug 19	Int. 25 cents
*Dixons Photographic	July 30	Final 2.08
*Dowty	July 21	Final 2.5
*Fitch Lovell	July 30	Final 3.71
General Accident	Aug 13	Int. 6.25
Glynwed	Aug 6	Int. 2.45
Gold Fields SA	Aug 15	Final 270 cts.
Hawley Leisure	July 22	Int. 0.6
*Hogg Robinson	July 21	Final 2.7
Hoover	Aug 6	Int. 4.0
Horizon Travel	Aug 13	Int. 2.6
*Inchcape	July 23	Final 12.5
*Initial Services	July 20	Final 5.25
Lep Group	July 31	Final 12.5
*Lex Service	July 30	Int. 2.8
Lonrho	July 17	Int. 3
*MFI	July 23	Final 1.52
*Midland Bk.	July 31	Int. 7.5
*NatWest Bk.	July 28	Int. 8.75
Notts. Manf.	Aug 11	Int. 1.0
Ocean Trans.	Aug 19	Int. 4.3
Prestige Grp.	July 28	Int. 2.5
*Rentokil	Aug 5	Int. 0.95
Royal Dutch	Aug 21	Int. Fl 6.00
Royal Insce.	Aug 18	Int. 9.25
Securicor	Aug 13	Int. 0.5
Shell Trans.	Aug 21	Int. 8.6
Smith and Nephew	Aug 19	Int. 1.3
Stock Conversion	July 30	Final 2.65§
Taylor Woodrow	Aug 5	Int. 3.15
*Transport Dev.	Aug 10	Int. 1.45
*Tube Invs.	Aug 12	Int. 17.857
Ultramar	Aug 14	Int. 4.0
*United Gas Inds.	July 23	Final 3.5
*Ward and Goldstone	July 23	Final 4.5
*Woolworth (F. W.)	Aug 12	Int. 1.225

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	12½%
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾% and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
§35	F.P.	22/7	37	28	Allied Residential 10p	33	−1	b2.45	2.0	10.6	6.9
—	F.P.	—	140	137	Bonusbond	138	—	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	✻Bula Resources	35	−1	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	86	−1	b3.7	2.2	6.2	8.7
—	F.P.	—	14	10	Comtech 10p	12	—	—	—	—	—
‖ ‖	F.P.	—	25	18½	††Energy Sources	18½	−½	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6½	−½	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	22	—	—	—	—	66.6
72	F.P.	—	66	58	✻Jackson Explorat'n.	66	—	Q1.5c	—	1.5	—
95	F.P.	7/8	85	69	KCA Drilling	77	+4	b3.75	1.7	7.0	9.9
140	F.P.	—	207	194	Memec 10p	195	−4	b30	2.3	2.2	28.5
$12	F.P.	—	640	525	Mexico Fund	525	—	—	—	—	—
§51	F.P.	20/7	69	61	✻Microfilm Repro.	65	—	b2.5	1.4	5.5	18.2
100	F.P.	24/7	107	96	Murray Technology	99	—	—	—	—	—
§44	F.P.	30/6	56	40	✻Selecty	41	—	—	—	—	—
§83	F.P.	17/7	90	80	✻Stanelco	84	—	—	—	—	26.8
§156	F.P.	3/8	205	190	✻Star Computer	200	—	2.0	4.3	1.4	20.6
§90	F.P.	31/7	100	92	✻Trident Comp.Serv.	100	—	bd1.5	4.0	2.1	18.8
§80	F.P.	14/7	91	85	✻UnitedCeramicDist	88	—	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	98	Utd. Comp. & Techgy	98	−1	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	96	—	u0.75	6.3	1.1	18.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	107	—
98½	£25	—	25¼	24¾	Inco 15¾% Uns. Ln. 2006	24¾	−⅛
¶97	£10	—	10	8½	Mid-Kent Water 9% Red. Prf. 1987	8½	—
¶100	F.P.	26/6	98½	96½	Mid-Southern Wat. 9% Red. Pref. '86	96½	—
‖	F.P.	17/7	104¼	99	Mount Charlotte 9½% Cnv. Ln. 1995-2000	99	—
99	F.P.	27/8	99	90½	Newcastle Water 7¾% Red. Pref. 1986	90½	—
100 ‖	Nil	23/7	9pm	1pm	Prop. Hldg. & Inv. Tst. 6½% Cnv. Ln.	3½pm	+½
¶98	F.P.	28/8	92½	78½	Sunderland & S. S. Water 8% Red. Prf. '87	91	—

"RIGHTS" OFFERS

Issue Price p	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	246	222	AGB	246	—
22	Nil	—	—	2pm	1½pm	A.I.D.	2pm	—
45	Nil	23/7	28/8	9pm	5pm	Brengreen	7pm	−½
275	125p	13/7	2/12	171	150	B.P.	148	−2
165	F.P.	3/7	7/8	191	178	Crouch (D)	180	—
375	F.P.	10/7	7/8	410½	400	English Association	405	—
30	F.P.	6/7	7/8	87	76	Euro Ferries	83	−1½
56	F.P.	12/6	11/8	68	63½	Fine Art	65	—
255	F.P.	13/7	10/8	380	359	Flight Refuelling	368	—
90	F.P.	10/7	21/8	132	121½	Geers Gross	124	−1
250	F.P.	17/6	24/7	346	269	G.R.E.	334	−8
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	105	—
205	F.P.	8/6	24/7	270	246	Horizon Travel	246	−8
315	F.P.	26/6	7/8	343	327	Lyle Shipping	327	−5
70	F.P.	17/6	24/7	84	72	Northern Engineering	81	−1
50	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	67	−1
60	F.P.	26/6	7/8	69	62	Second City Props	66½	—
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	10	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Chieftain Trust Managers Ltd (a) (g)

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court*

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c) (g)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration (a) (b) (c)

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (c)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Tyndall Managers Ltd.(a)(b)(c)

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International Fund S.A.

Capifrex S.A.

Capital Asset Managers Ltd.

Central Assets Management Ltd.

Charterhouse Japhet

Cleveton Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

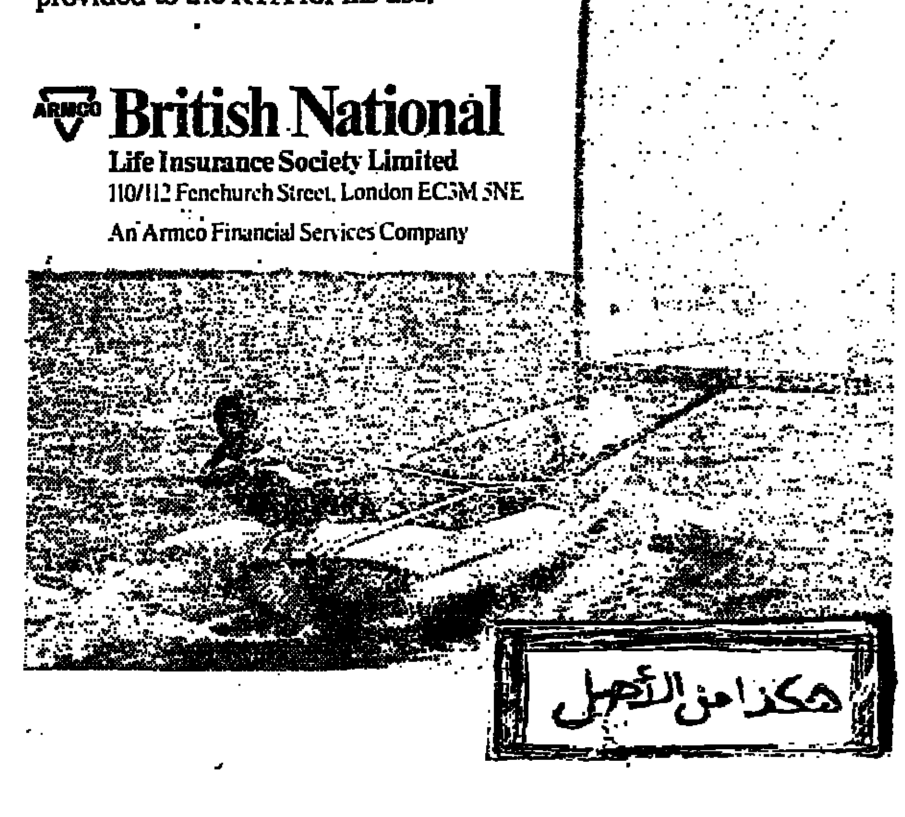
[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]



INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Nov.	Hill (Chas.) £1	127	21.5	†	—	—	—
Nov.	Apr.	Hirst Mal'son 20p	32	2.3	♦0.1	—	0.4	—
Jan.	July	Holden (A.)	102xd	13.7	5.0	2.2	7.0	7.7
Feb.	Sept.	Hollis Bros.	32	1279	—	—	—	—
Dec.	July	Holt Lloyd Int. 10p	67	18.5	3.17	1.5	6.8	12.8
Apr.	Sept.	Hoover 'A'	125	2.3	6.0	—	6.9	—
Dec.	July	Hopkins & H 20p	74	18.5	2.0	—	3.9	—
Feb.	Oct.	Howard Tenens	63	8.12	‡2.28	2.0	‡	11.6
Nov.	July	Hunting Assoc.	345	15.6	5.0	5.8	2.1	8.7
July	Nov.	Huntleigh 10p	128	1.5	1.5	3.8	1.7	15.9
December		Hutch Whamp SHK1	218	12.5	Q32c	♦	1.4	♦
Oct.	July	Hyman (I. & J.) 5p	14	1.5	0.83	3.9	8.4	3.4
Ap.Jy.O.Ja.		I.C. Industries$1	£19½	9.6	Q$2.20	—	5.8	—
July	Feb.	ICL	38	24.12	‡2.97	—	‡	—
May	Nov.	Ingall Inds. 10p	38	1.5	‡2.5	1.6	9.4	10.5
Jan.	Aug.	Initial Services	216	24.12	7.5	2.3	5.0	10.7
Aug.	Dec.	Inter-City 20p	17½	1179	—	—	—	—
Jan.	July	J. B. Holdings 10p	70	7.6	3.0	4.9	6.1	4.5
August		Jacksons Bourne	183xd	13.7	5.0	♦	3.9	♦
August		James (M.) Inds. 10p	22¼	29.6	1.0	3.3	6.4	5.2
Nov.	June	Jardine M. SHK5	238	25.4	Q88c	2.0	3.4	14.8
Apr.	Dec.	Jentique	18½	16.3	‡1.03	—	‡	—
November		Johnson & Barnes	7#	1179	—	—	—	—
Oct.	Apr.	Johnson Clnrs.	242	30.3	7.0	3.6	4.1	7.9
Feb.	Aug.	Johnson Mthy. £1	245	29.6	9.5	2.3	5.5	(9.0)
Oct.	June	Jourdan (T.) 10p	86	16.3	5.25	1.8	8.7	8.9
May	Dec.	Kalamazoo 10p	64	1.5	‡3.75	1.4	‡	18.5
Feb.	July	Kelsey Inds.	139	1.6	♦8.0	4.7	8.2	3.7
Oct.	April	Kennedy Sm. 10p	142	9.2	13.5	3.4	3.5	10.1
Mar.	April	Kershaw (A.) 5p	280	2.3	21.75	0.6	11.3	(26.0)
Jan.	Aug.	Kleen-E-Ze Hldgs.	69	24.12	5.5	♦	12.1	♦
Jan.	Aug.	L.C.P. Hlds.	61	29.6	4.3	1.1	10.1	(13.3)
Dec.	Aug.	L.K. Ind'l. Invs.	28	1179	—	—	—	—
Oct.	April	L.R.C. Int. 10p	48	9.2	2.5	—	7.8	—
Dec.	May	Lamtex	46	30.3	‡4.0	♦	‡	♦
July	Nov.	Lead Inds. 50p	161	1.5	9.66	1.0	8.6	17.2

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

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TRUSTS, FINANCE, LAND

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INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Acmex 50c	42	—	Q2.5c	—	3.7
—		ACM 20c	35	—	—	—	—
—		Argosy Gold NL 25c	14	—	—	—	—
—		Bond Corp.	220	—	Q7½c	1.9	2.1
Nov.	Apr.	Bougainville I Kina	94	7.3	Q25.6	1.0	16.6
—		CRA 50c	256	16.3	Q19c	1.7	4.5
—		Canada Northwest	16	—	—	—	—
—		Carr Boyd 20c	18	—	—	—	—
—		Central Pacific	75	—	—	—	—
—		Cons. Gold Mn. N.L. 50c	15	—	—	—	—
—		Cultus Pacific N.L.	31	—	—	—	—
—		Eagle Corp. 10c	53	—	—	—	—
—		Endeavour 20c	30	—	—	—	—
June		G. M. Kalgoorlie 25c	395	579	†Q13c	♦	2.0

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

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FINANCIAL TIMES
Monday July 20 1981

Nissan may start car plant early

BY JOHN GRIFFITHS

NISSAN executives will hold further talks with the Department of Industry early this week on the proposed £300m UK car manufacturing plant. There are indications that if the company does decide to go ahead, it will try to get into production ahead of the 1984 start-up originally planned.

Mr Takashi Ishihara, Nissan's president, plans to visit the UK in mid-September, at about the same time as Nissan's final verdict is expected to be announced.

Several factors support the view that a decision to proceed with the plant, which would turn out 200,000 cars a year by 1986 on the original schedule, will lead to an accelerated construction programme.

The first is that Nissan is moving heavily into international capital markets to finance a cluster of new manufacturing operations worldwide.

It plans to raise about Y200bn (£87.4m) overseas in the next two or three years.

The UK venture would be the biggest.

The Japanese insist that they do not want to be held up by public inquiries on the 800-acre site they seek.

This seems to indicate that of those short-listed most of the land is owned by public authorities, suggesting sites at Shotton, North Wales; Sunderland Airport; and Killingholme Airport, just north of Grimsby.

Timing of the original plan was influenced by an initial Japanese belief that it simply would not be possible to get a plant built any quicker in the UK. Subsequent discussions are understood to have persuaded them that it would.

Prominent on the agenda at this week's talks is expected to be the question of how big a proportion of components of the proposed medium saloon should be sourced in the UK.

This is the subject of intense lobbying by the Society of Motor Manufacturers and Traders and leading British car makers. Ford says that not less than 60 per cent by weight at start-up, and 80 per cent in full production, should be British.

While the Japanese will want to know what they can expect in Government assistance, this is believed not a big stumbling block toward Nissan deciding to set up in the UK.

Sunderland is in a special development area, qualifying for 22 per cent grants on plant machinery and buildings. Grants for Killingholme, a development area, would be 15 per cent.

Kania's supporters dominate Politburo

By Christopher Bobinski and Roger Boyes in Warsaw

THE new central committee of the Polish Communist Party yesterday elected a new Politburo. It is dominated by supporters of the moderate reforms advocated by Mr Stanislaw Kania, himself overwhelmingly re-elected as party secretary on Saturday.

One of the new members is a woman—the first time one has been elected in recent party history. The 15-member Politburo is responsible for day-to-day party policy.

There is also a strong and forthright conseravtive minority, however. Mr Mieczyslaw Rakowski, a prominent liberal who has come under attack from hardliners at the emergency party congress is not in the Politburo.

Four members of the previous party leadership have retained their places, including the Prime Minister, General Wojciech Jaruzelski; Mr Stefan Olszowski, a hardliner; and Mr Kazimierz Barcikowski, who is in charge of organisational matters in the party and, though a close ally of Mr Kania, stood against him as the only other candidate in the election for party leader.

Mr Olszowski, should he choose to continue with his hardline policies, has gained as an ally Mr Albin Siwak, a building worker who has emerged as hero of the conservative wing of the party.

Mr Jaruzelski's state-of-the-nation speech on Sunday was apparently revised at the last minute to include somewhat harsher criticisms of the radical elements in Solidarity, the independent trade union movement—whose members secured a fifth of the seats in the central committee election on Friday. He warned that strikes must end and, if necessary, the authorities would act

A clear sign that the congress has fallen short of its aims of integrating all sections of the party came when Mr Siwak attacked a strongly-reformist speech at the congress by Mr Rakowski and accused him of wanting to reform the party at the expense of its basic principles.

Mr Jaruzelski's speech to the nation on Sunday was dominated by a review of Poland's parlous economic situation. He said that food prices would have to be increased by about 110 per cent to balance food supply and demand.

He spoke of Poland's national income dropping by some 15 per cent this year, and of Poland's western indebtedness, now believed to be some $24bn, growing by $3bn.

Although Mr Jaruzelski emphasised the importance of agricultural reform and touched on the need for greater worker participation in management he firmly resisted the notion of workers' control

Norway invites tenders for £1.13bn gas pipeline

BY SUE CAMERON, CHEMICALS CORRESPONDENT

NORWAY has started inviting tenders for a £1.13bn North Sea gas gathering system, less than six weeks after the project received official approval from the Norwegian parliament.

The British Steel Corporation and energy engineering groups in the UK will be in the running for some of the huge contracts involved.

Saipem, which is part of the Italian ENI group, Brown and Root and McDermott, which are both U.S. based—have already been asked to submit tenders for laying pipe across the deep trench that cuts into the seabed around the Norwegian coast.

The three are the only companies with the type of barges capable of putting down this section of the 843-kilometre line.

Tenders for laying the rest of the pipeline are expected to be invited this week.

Statpipe, the company formed to build and run the pipeline, is studying bid procedures before it calls for tenders for the 400,000 tonnes of steel needed to make the pipe and two booster platforms.

Japanese, French, Italian, West German and British producers are all expected to be given a chance to bid. Industry experts believe Statpipe may allow the European steelmakers to co-operate to some extent—possibly by dividing part or all of the contract between them.

British Steel and Mannesmann, the German group, are likely to be asked to tender.

Statpipe, in which Statoil, the Norwegian State oil company, has a 60 per cent stake, is expected to start awarding contracts this autumn so that building can begin next year. Those running the project are said to be confident that the line will be completed by its 1985 target.

The speed at which the Norwegian scheme is going ahead is in marked contrast to Britain's planned £2.7bn gas gathering system. The Government gave the go-ahead for the line a year ago but it has been dogged ever since by delays—chiefly over the way it is to be financed.

Mr Hamish Gray, Minister of State at the Department of Energy, told representatives of the Scottish TUC last week that he hoped a decision on the financing of the line would be announced "during the summer months."

Mr Gray said that the target date for completing the system was still 1985.

Industry experts said at the weekend that Government assurances on the financing and timing of the UK line were beginning to sound hollow.

They added that the chances were fading of gas from the Norwegian sector of the huge Statfjord field being put through the British pipeline for a few years before the Norwegian line was completed.

The Norwegians have apparently been concerned that the two pipelines might be built in tandem. Although there would be enough barges and adequate steelmaking and fabricating capacity to make this possible, Norwegian executives feared it might drive up prices.

UK 1982 recovery hope 'modest'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONLY A MODEST recovery in the UK economy is likely next year, the International Monetary Fund says today.

This is likely to reinforce the generally more cautious view of the outlook for 1982 by economists in recent weeks.

The World Economic Outlook, produced by the IMF's staff in Washington, says that while the recession should level off this year, real gross domestic product is on average likely to be 2¾ per cent less than last year.

A modest recovery is projected to 1982, based mainly on a pick-up in consumer spending and some stockbuilding.

The Fund's reference to "the resumption of positive growth" in 1982 apparently means a rise in real GDP of about 1 per cent.

The projection for 1982 is probably not very different from the recent unpublished Treasury forecasts.

This compares with the rise of ½ per cent estimated by the Organisation for Economic Co-operation and Development in Paris, and of 2¾ per cent by the London Business School.

The implication of the IMF and OECD forecasts is depressing for the Government, since it means that there will not be much sign of a discernible upturn until well into next year, at the earliest.

The current account of the balance of payments should remain in substantial surplus this year, a forecast £3.7bn against £2.7bn last year.

But the surplus is expected to weaken during the year, as exports of manufactured goods decline as a result of past losses of competitiveness and the slow growth of world trade, and as import volume recovers with the bottoming out of the UK recession.

The outlook for the labour market is generally gloomy. Total employment is projected to drop by 3.6 per cent on average compared with last year.

Emergency Budget Continued from Page 1

proportional representation system, the chances are that the main opposition party, the Fianna Fail, would win the seat.

Our Belfast Correspondent writes: Mr Humphrey Atkins, the Northern Ireland Secretary, last night re-affirmed that the British Government was not prepared to negotiate terms for an end to the hunger strike with the protesting prisoners at the Maze Prison near Belfast.

His statement was seen as a response to the hunger strikers, who had earlier dismissed what they claimed were attempts by the International Committee of Red Cross to mediate. They again asked for direct negotiations with the Government.

Mr Atkins said the Government was prepared to clarify to the hunger strikers any doubts they might still have about what would happen when their protest ended.

The Government made clear in a statement on July 8 that it intended to develop the prison regime for all prisoners when the protest ended and had also indicated the limits to that development, he said.

The prisoners' statement from the Maze on Saturday said that "nothing of relevance" had emerged from talks with the three Swiss members of the Red Cross. It added: "Their attempts to initiate talks between ourselves and the British failed because the British were not prepared to discuss a settlement."

Mr Atkins refuted the idea that the Red Cross was mediating. It was investigating prison conditions in Northern Ireland on a humanitarian basis, he said.

The three-man team returned to the Maze yesterday but not for further talks with the hunger strikers. They were understood to be interviewing prison staff and were expected to move on to the other three Ulster jails.

The family of Kieran Doherty were at the prison yesterday, where a room was made available for them.

Israel rejects U.S. call for ceasefire

By David Lennon in Tel Aviv

ISRAEL has rejected an American demand that it should immediately halt its attacks on Lebanon in compliance with U.S. efforts to bring about a ceasefire in the cross-border warfare with the Palestinian guerrillas.

Taking an uncompromising stance, Mr Menahem Begin, the Prime Minister, yesterday told Mr Philip Habib, the American envoy to the region, that Israel would continue to strike at the Palestinian guerrillas everywhere it found them.

The only solution acceptable to Israel would be one leading to the removal of the Palestine Liberation Organisation from Lebanon, Mr Begin told President Ronald Reagan's special emissary. A total ceasefire would merely enable the guerrillas in the South to reorganise and bring in reinforcements, he added.

Israel's position was forcefully emphasised as its aircraft attacked Palestinian targets in southern Lebanon in the afternoo. A military spokesman claimed that accurate hits had been made on the regional headquarters of Al Fatah, the predominant guerrilla organisation, and the Popular Front for the Liberation of Palestine in the vicinity of Nabatiyeh and Tyre.

The latest raids followed Palestinian rocket and artillery attacks on northern Israel in which a 16-year-old boy was killed and 24 people injured. The worst hit town was Kiryat Shimona where most of the casualties were sustained from rocket fire, while an artillery attack on Nahariya destroyed a number of buildings.

Mr Habib said after a second meeting with Mr Begin last night that they would meet again to continue their discussion on "this complex problem" after the Prime Minister had talked to the Cabinet on Tuesday. U.S. embassy officials said the envoy might go to Beirut today and return to Israel tomorrow.

At his talks with Mr Habib yesterday Mr Begin is said to have shown indignation over U.S. criticism of Israel's retaliation against the Palestinians. Some 300 people were killed in the attack, according to the Lebanese Government.

Ihsan Hijazi reports from Beirut: Palestinian guerrillas are fortifying their positions around Beirut and in southern Lebanon in anticipation of more Israeli land and air attacks. Surface-to-air missile sites are reported to have been set up around Palestinian refugee camps.

Mr Ahmed Jibril, head of the PFLP General Command, claimed yesterday that his Libyan-backed group now possessed launcher-fired SAM 9 missiles in addition to the shoulder-fired SAM 7s which have hitherto proved ineffective

Weather

UK TODAY
MOSTLY cloudy with some rain
SE England, Midlands, Channel Is
Rather cloudy with a little rain in places.
SW England, S Wales
Occasional drizzle especially near coasts
E and NE England
Rain or drizzle in places.
N Wales, NW England, SW Scotland
Occasional drizzle becoming more persistent
Borders, Aberdeen, Moray Firth, NE England, Orkney, Shetland
Bright interludes at first, rain in places later
Argyll, NW Scotland, N Ireland
Rain at times, heavy in places
Outlook: Mostly rather cool. Showers, heavy at times

WORLDWIDE

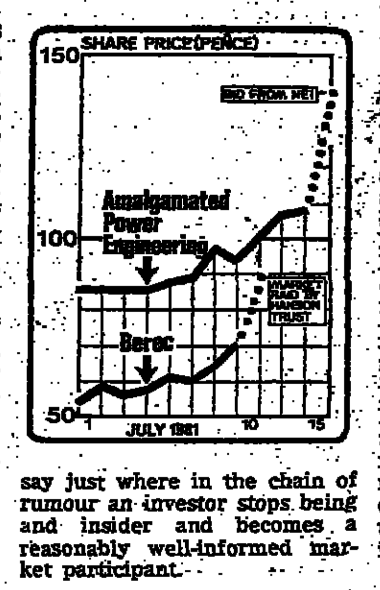
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	Luxmbg	C	12	54
Amsdm.	S	18	64	Luxor	S	40	104
Athens	S	32	90	Madrid	S	23	73
Barclna.	S	24	75	Majorca	F	26	79
Beirut	S	29	84	Malaga	S	25	77
Belgrd.	C	30	86	Malta	S	27	81
Berlin	C	17	63	M'chstr	C	17	63
Biarritz	C	19	66	Melbne.	S	17	63
Bmghm.	F	20	68	Miami†	F	28	82
Blackpl.	C	16	61	Milan	C	19	66
Bordx.	F	20	68	Montrl.†	S	20	68
Bristol	C	19	66	Moscow	S	28	82
Brussels	F	17	63	Munich	R	10	50
Budpst.	R	21	70	Nairobi	C	19	66
Cairo	S	35	95	Naples	C	22	72
Cardiff	C	18	64	Nwcstl.	F	18	64
Cas'b'ca	S	24	75	N York†	S	29	84
Cape T.	R	12	54	Nice	S	23	73
Cologne	C	14	57	Oporto	S	26	79
Cpnhgn.	F	18	64	Oslo	C	20	68
Denver†	F	18	64	Paris	C	20	68
Dublin	R	18	64	Perth	S	15	59
Edinbgh.	C	17	63	Prague	R	10	50
Faro	S	29	84	Rykjvk.	R	9	48
Florence	F	19	66	Rhodes	S	28	82
Frankft.	C	16	61	Rome	S	22	72
Funchal	S	22	72	Salzbg.	R	8	46
Geneva	S	16	61	S'ciscot	C	17	63
Gibrltr.	S	24	75	Stckhm.	C	17	63
Gl'sg'w	R	14	57	Strsbg.	C	14	57
G'rnsey	C	15	59	Sydney	S	17	63
Helsinki	C	15	59	Tangier	S	26	79
H Kong	S	31	88	Tel Aviv	S	29	84
Innsbrk.	R	8	43	Tenerife	F	22	72
Invrnss.	C	16	61	Tokyo	S	28	82
Istanbul	S	30	86	T'ronto†	C	20	68
Jersey	R	16	61	Tunis	F	26	79
Jo'burg	S	18	64	Valncia	F	29	84
L Pims.	S	23	73	Venice	S	26	79
Lisbon	S	28	82	Vienna	C	14	57
Locarno	C	19	66	Warsaw	F	22	72
London	C	17	63	Zurich	R	8	46

C—Cloudy, F—Fair, Fg—Fog, H—Hail, R—Rain, S—Sunny, Sl—Sleet, Sn—Snow, T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Field day for insiders

That the Financial Times represents good value at 25p a copy is hardly controversial; just how rich it can make you is less widely appreciated. Over the past few weeks the chief price changes displayed on the front of the paper—Berec and Amalgamated Power Engineering are two cases in point—have signalled market raids and takeover bids gratifyingly far in advance.



It is just a year since dealing in shares on inside information became a criminal offence. So far the benefits of this change are apparent neither in the more frequent hanging of assassins—no insiders are yet inside—nor in any fall in the perceived level of transgression. When insider dealing was policed by the Stock Exchange and the Takeover Panel—for the bulk of cases involve takeovers—an average of 10 investigations a year got past the preliminary stage and one a year ended in a public statement which conferred professional disgrace if not imprisonment. In the past 12 months the Stock Exchange has submitted to the Department of Trade 16 dossiers involving cases where suspicion was well advanced. But there have been no prosecutions.

This does not necessarily mean that the DoT has been remiss; after all, insider dealing is an extremely difficult matter to pin down, even with the advantage enjoyed by the DoT of being able to subpoena witnesses. There are always plenty of plausible reasons—based on charts, as often as not—to explain why a particular share might have been bought or sold at a particular time and it is hard to disentangle genuine insider operations from the ordinary sort of speculative activity which depends on informed hunch, rumour, or buying a share simply because it is going up. This sort of trade can be unsuccessful.

The rumour is often the result of a leak of information, either as a result of a deliberate attempt to prepare the market for some piece of news, or through a simple breach of security of the sort which becomes more likely in large operations simply because so many people tend to be in the know. The market for the Guardian Royal Exchange rights issues was made difficult through a security leak; in the case of BP, rumours of a major funding were flying around more than a week before the issue emerged. In these circumstances it is difficult to say just where in the chain of rumour an investor stops being and insider and becomes a reasonably well-informed market participant.

Investment analysts, who rely on relatively informal contacts with the companies they cover, had reason to be particularly alarmed when insider dealing first became a criminal offence. But on the whole, their fears do not seem to have been justified; after an initial chill, most companies have maintained perfectly normal professional contacts. Respectable analysts have never expected to be given advance warning of dividend cuts, rights issues or other price-sensitive events. And run-of-the-mill trading information cannot be relied on to keep an unscrupulous analyst rich: he may believe that a 3 per cent upturn in widget orders is dynamite, but his institutional clients may not want to deal.

What the new law has done for most analysts is to throw their professional ethics into sharper relief, and the same goes for other people in the City. So-called Chinese walls, fabulous structures which few travellers have actually set eyes on, are supposedly maintained by merchant banks between their corporate finance and investment departments. In theory, at least, criminal sanctions should have led to a general overhaul of the brickwork.

Whether the professional insider dealer has been deterred is another matter. Plenty of founder on the reefs of Swiss banking secrecy—the general experience seems to be that banks will only release their clients names when they are trying to claim money back from the S.E. Compensation Fund. Some brokers are unhappy about handling this sort of dingy nominee business, but that does not stop it being done.

The interpretation of some points of law can only be established through test cases, and the absence of prosecutions under the year-old legislation, since it does not seem to reflect any shortage of offences, is beginning to look unsatisfactory. Regulatory action is if anything less conspicuous than before, especially as the Stock Exchange now feels unable to state publicly which cases have been passed to the DoT. If the law is seen to be toothless, it will lose respect. The DoT has now had a year to find its way around the insider question, and if nothing happens in the next 12 months it may be reasonable to conclude either that the law is unworkable or that no one is interested in working it.

Conoco

This promises to be another big week in the extraordinary bid battle for Conoco. So far, none of the three contenders has delivered a knock-out blow. Mobil, which formally joined the fray on Friday with a cash and paper offer worth $90 a share, currently leads the field by a short head. And there is no doubt that it would win the day if the outcome depended entirely on financial muscle.

Whereas Du Pont's latest offer stands to increase its outstanding equity by more than a half, Mobil — which is getting on for twice the size of its rival in terms of market capitalisation — looks a lot less stretched.

Meanwhile Seagram is still in the running, and apparently looking for partners to keep it in the race. Its partial cash offer closes later this week, and some Conoco shareholders may well be tempted by the bird in hand. Although Mobil's public stance is to dismiss the threat of anti-trust intervention, Conoco's shares would drop like a stone if something happened to break off the bidding match.

The current betting is that the winning offer for Conoco has yet to materialise. The bidding is now entering the stage where financial realities become less relevant than grand theories about long-term strategy. And since Conoco's net asset value is in theory well over $120 a share, the bidders may be able to persuade themselves to increase their current stakes by a few dollars more. Mere mortals can only watch and wonder.

Poorer nations weather high oil prices

BY DAVID DODWELL

ECONOMIC GROWTH among the world's developing countries has been affected only weakly by the "external shocks" of soaring oil prices and recession in the West, according to the World Bank in its latest development report.

The report, due to be released early next month, says that the most important factors were the world trading environment, international capital flows, developments inside the countries concerned, and the quality of domestic economic management.

"In the comparative analysis of countries," the Bank says: "Little statistical relationship was found between the magnitudes of external shocks in the mid-1970s and subsequent rates of economic growth. In many low-income countries, domestic policies and performance had left much to be desired long before the external climate deteriorated."

Taking a position that is much more conservative than any of the three previous reports, the Bank argues that, while "reliable support from the international community" is important, the onus for economic growth rests with developing country governments themselves, and the way they manage their economies.

"Developing countries have to adjust to new circumstances: their effectiveness in doing so depends critically on their domestic management.

"Their achievements in boosting saving and investment; in making efficient use of capital and human skills; in expanding exports and economising on imports — all these have powerfully influenced their record in the past, and will continue to do so."

Predicting "balance of payments crises and acute financial stringency" for the early 1980s, the bank puts a heavy emphasis on the need for self-reliance. Aid will grow more slowly, commercial borrowing will be less easy to obtain, international trade will remain sluggish, and remittances from migrant workers will grow more slowly.

In estimating growth through the coming decade, the bank takes high and low scenarios "which span the range of reasonable expectations." It sees middle-income countries growing at between 4.3 per cent and 5.6 per cent; and low-income countries growing between 3 per cent and 4.1 per cent.

"The difference between the scenarios is not just a few decimal points on growth rates, but a fundamental difference of outlook: in the one case, diminishing poverty in developing countries and a large expansion of world trade, with the prospect of easier overall adjustment for the world economy.

In the lower scenario, trade and other trends will worsen and poverty extends to ever larger numbers of people."

With about 750m people living in absolute poverty, "high case" growth will reduce this number to 630m by the year 2000. With "low case" growth, it will rise to 850m.

The bank identifies five preconditions for "high case" growth:

- Industrial country growth must be 0.3 per cent faster in the coming decade than in the one just ended—about 4 per cent by the end of the decade.
- Maintenance of free trade.
- Oil price increases limited to 3 per cent a year in real terms — about 10 per cent nominally.
- Industrial country official aid rising to 0.5 per cent of GNP from 0.33 per cent currently, or a considerable shift of concessional aid away from middle-income to low-income countries.

Developing countries must maintain current savings levels and improve the efficiency with which they use their capital.

The bank is deeply critical of the shift towards protectionism, claiming that "open and expanding trade is central to the health of the world economy."

World trade, Page 3.
Foreign report, Page 11

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